# Venezuela Oil Production Capacity 1ac

#### The plan: The United States federal government should increase investment in Venezuelan oil production and refinery capacity.

#### Contention 1 – Advantages

#### Advantage 1 –Oil production

#### US imposed sanctions on PdVSA, limiting the company’s relationship with the US and US companies

**Sullivan, Specialist in Latin American Affairs 2013**

Mark P. “Venezuela: Issues for Congress” CRS Report January 10, <http://www.fas.org/sgp/crs/row/R40938.pdf> accessed tm 7/2

In May 2011, the United States imposed sanctions on Venezuela’s state oil company, *Petróleos de Venezuela S.A.* (PdVSA), pursuant to the Comprehensive Iran Sanctions, Accountability, and Disinvestment Act of 2010 (P.L. 111-195) because the company provided $50 million worth of reformate, an additive used in gasoline, to Iran between December 2010 and March 2011. Specifically, the State Department imposed three sanctions on PdVSA to prohibit it from competing for U.S. government procurement contracts, securing financing from the Export- Import Bank, and obtaining U.S. export licenses. The sanctions specifically exclude PdVSA subsidiaries (Citgo) and do not prohibit the export of oil to the United States.168

#### At the same time, Venezuela oil production decreasing now- laundry list of reasons

**Krauss 13** (Clifford Krauss, he is a correspondent for the New York Times, national business correspondent based in Houston, covering energy, used to cover the State Department, Congress and the New York City police department before serving as Buenos Aires bureau chief and Tornot bureau chief, has worked as a foreign correspondent for The Wall Street Journal and was the Edward R. Murrow fellow at the council on Foreign relations, “Dwindling Production Has Led to Lesser Role for Venezuela as Major Oil Power”, New York Times, 3/8/2013, <http://www.nytimes.com/2013/03/09/world/americas/venezuelas-role-as-oil-power-diminished.html>, GU)

In a fundamental geopolitical turn, Venezuela now relies far more on the United States than the United States relies on Venezuela.¶ Venezuela depends on the United States to buy 40 percent of its exports because Gulf of Mexico refineries were designed to process low-quality Venezuelan and Mexican crudes that most refineries around the world cannot easily handle. But in recent years, the United States has been replacing its imports of Latin American crudes with oil from Canadian oil sands fields, which is similarly heavy.¶ American imports of Venezuelan oil have declined to just under a million barrels a day, from 1.7 million barrels a day in 1997, according to the Energy Department. And while Venezuelan exports of oil are in decline, its dependency on American refineries for refined petroleum products has grown to nearly 200,000 barrels a day because of several recent Venezuelan refinery accidents.¶ Experts expect Venezuela to send barrels no longer needed in the United States to China, as payments in kind under oil-for-loans contracts. Venezuela’s broken refinery sector has left shortages of gasoline and diesel in parts of Latin America, opening the door for valuable markets to American refiners.¶ Over his 14 years in power, Mr. Chávez relied heavily on oil revenues to finance his social programs. Energy experts say his gasoline subsidies doubled domestic consumption, cutting deeply into exports, but that his hostility to foreign investment and mismanagement of the state oil company Petroleos de Venezuela were the primary reasons for the steep decline in production.¶ A strike and the firing of management talent and 20,000 workers at the oil company in 2002 led to a steep decline in the company, which has been underscored by the refinery accidents.¶ “Venezuela is a fraction of what it used to be,” said Sadad Ibrahim al-Husseini, a former head of Saudi Aramco’s exploration and production division, “and that’s really because Venezuela’s technocrats have scattered over the world and are no longer active in Venezuela.”¶ Mr. Chávez further overhauled oil exploration and production with a nationalization program in 2006 that ordered a renegotiation of contracts with foreign companies, mandating that Venezuela’s oil company get a minimum 60 percent share in all production projects. Sixteen foreign companies, including Royal Dutch Shell and Chevron, went along with the new rules, while Exxon Mobil, Conoco Philips and other companies resisted, and their holdings were nationalized.¶ Venezuela has huge reserves, including its Orinoco heavy oil belt, which the United States Geological Survey estimates to have 513 billion barrels of recoverable oil — enough potentially to make Venezuela one of the top three world producers. But foreign oil companies have been wary of investing.¶ Jose Valera, a Houston energy lawyer, said that if Nicolás Maduro, Mr. Chávez’s vice president until he was sworn in as president on Friday, or another member of the Mr. Chávez’s movement was elected president in a special election “it is reasonable to expect continuity of a substantial portion of the policies.” But as for Venezuela’s economy, he argued, “the situation right now is not sustainable and it’s only a matter of time before some significant changes will have to be instituted.”

#### Now key time to solidify US market for Venezuela oil – failure to do so will permanently damage Venezuelan production

**Ladislaw and Verrastro, CSIS Energy, 2013**

(Sarah and Frank, “Post-Chavez Outlook for Venezuelan Oil Production” March 6 2013 <http://csis.org/publication/post-chavez-outlook-venezuelan-oil-production> accessed tm 7/3)

What about Venezuela’s relationship with the United States? Over the last ten years the sustained trading relationship between the United States and Venezuela has been one of the stabilizing forces in an otherwise contentious and sometimes volatile relationship. U.S. refineries in the Gulf Coast are specifically designed to process Venezuela’s sour and medium to heavy crude and serves as its natural market. Despite oil production being down, the United States still imports just under a million barrels of crude per day from Venezuela (down from a peak of 1.4 mmbd in 1997) and, as stated earlier, the government of Venezuela is highly dependent on those revenues for their ongoing stability, especially as revenue from other exports and domestic consumption decline. As we look ahead to another period of transition in Venezuela it is important to be mindful of the potential for disruption and to look for ways to mitigate the impacts of such disruption, but it is equally important to remember the trade ties that bind the two countries for the time being and to find opportunities to drive change in a positive direction. Time may be limited in this regard because the U.S. domestic production outlook is changing thanks to tight oil development in the United States and the influx of Canadian oil sands, both of which are giving U.S. refiners more options in terms of the crudes they use and more decisions to make about how they want to configure their refineries going forward. A future in which Venezuela is no longer as competitive in its natural market in the United States would change the outlook for Venezuelan crude marketing decisions. The long-term outlook for Venezuela’s continued oil market production is changing both in commercial and political terms. The situation has looked unsustainable for a long period of time but has managed to persist longer than most people though it would. Only time will tell if the upcoming leadership changes will bring a new chapter for Venezuela.

#### Venezuela oil sector needs capital and foreign direct investment from major oil to maintain and expand production capacity

**Stratfor Jun 6 2013**

<http://www.stratfor.com/analysis/potential-opening-us-venezuelan-relations> accessed 7/2 tm

For Venezuela, there is a more pressing need at hand: Attracting international capital and direct investment in its petroleum sector. A series of nationalizations and years of draining funds from national oil company Petroleos de Venezuela have left the energy sector dilapidated and underfinanced. Oil production is down from its peak, and for technical reasons oil will probably become increasingly difficult and more expensive to extract, export and refine. Maintaining high levels of production is a national priority and a political necessity for Maduro's fledgling government. In order to achieve production gains, however, Maduro will need capital and technology that Petroleos de Venezuela cannot afford. Venezuela has negotiated billions of dollars worth of loans from the Export-Import Bank of China, the China National Petroleum Corporation, Russian oil company Rosneft, energy services company Schlumberger and U.S. supermajor Chevron. But to turn the sector around will require long-term capital commitments from oil majors with the ability to lead their own exploration and production projects, independently or in collaboration with Petroleos de Venezuela.

#### We isolate two impacts to a collapse of Venezuelan oil –

#### First - Price spikes – failure to ensure Venezuelan production guarantees international oil prices spikes

**Sullivan, Specialist in Latin American Affairs 2013**

Mark P. “Venezuela: Issues for Congress” CRS Report January 10, <http://www.fas.org/sgp/crs/row/R40938.pdf> accessed tm 7/2

Despite notable frictions in bilateral relations, Venezuela has continued to be a major supplier of oil to the United States. On numerous past occasions, however, Chávez threatened to stop selling oil to the United States, although Venezuelan officials maintained that Venezuela would only stop sending oil to the United States if attacked by the United States. Because of Chávez’s strong rhetoric, however, some observers raised questions about the security of Venezuela as a major supplier of foreign oil. In June 2006, the Government Accountability Office (GAO) issued a report, requested by then-Senate Foreign Relations Committee Chairman Richard Lugar, on the issue of potential Venezuelan oil supply disruption. At the time, the GAO report concluded that a sudden loss of all or most Venezuelan oil from the world market could raise world prices up to $11 per barrel and decrease U.S. gross domestic product by about $23 billion.116

#### Supply induced prices increases bad - high oil prices damage consumer spending, shrinking GDP

**Financial Times 2012**

(“prepare for new era of oil shocks” March 28, 2012 lexix accessed tm 7/8)

Yet, despite the absurd politicking, we should be concerned about the economic impact of high oil prices: a rise of $10 in the price of oil shifts $320bn a year from higher-spending consumers to lower-spending producers, within and across countries. The 15 per cent rise since December 2011 would shift close to $500bn. The real price of oil is also very high, by historical standards (see chart). Further rises would take the world into uncharted territory.¶ In short, higher oil prices are a threat. So what is going to happen?¶ In a recent note, Goldman Sachs argues that a 10 per cent rise in oil prices tends to lower US gross domestic product by 0.2 percentage points after one year and by 0.4 percentage points after two. In the European Union, the impact is smaller: a reduction of 0.2 percentage points in the first year, but no further reduction thereafter.¶ Since the actual rise has been 15 per cent since December, the impact on US and EU GDP would be a reduction of 0.3 percentage points over the first year - appreciable, but not calamitous. Such a price rise would lower US household incomes by about 0.5 per cent. Moreover, crossing the threshold of $4 a gallon might be significant when confidence is fragile, as it is now.¶ Goldman also suggests the factors that would determine the size of any adverse impact¶ The first is whether the rise in prices is caused by demand or a shock to supply, with the latter being more disruptive. The answer, it suggests, is that demand is now the principal cause of higher prices, though the tightening of sanctions on Iran would be more important. The Paris-based International Energy Agency, in its latest monthly report, even qualifies this view. It agrees that "there may be no actual physical supply disruption at present deriving from the Iranian 'issue'. But there are ongoing non-OPEC outages totalling around 750,000 barrels a day".¶ The second factor is how much spare capacity exists. The answer: not much. Inventories in high-income oil markets are low (see chart). Saudi Arabian production is now at 30-year highs, which suggests limited spare capacity. Moreover, the growth of world oil supply has been persistently slow, at just below 1 per cent a year over the past decade, despite generally high oil prices. Thus, capacity is structurally tight. That explains the level and the volatility of prices over the past decade. With potential global economic growth at 4 per cent a year, oil supply growing at 1 per cent and the lack of easy alternatives to oil as a transport fuel, supply is likely to become tighter.¶ A third factor is what is happening in other commodity markets. Here the news is good: natural gas prices have been falling, while agricultural prices have not been so much of a problem this year. This should limit the inflationary impact.¶ A final consideration is the monetary response. Here the news remains favourable. Central banks are likely to ignore movements in commodity prices, particularly ones whose impact is contractionary, provided they see no pass-through into wages. They are right to do so.¶ In all, Goldman concludes, the price increase is a "brake", not a "break", in growth. But Fatih Birol, the IEA's chief economist, warns against too much complacency. He notes that the EU's net imports of oil will cost 2.8 per cent of GDP at present prices. against an average of 1.7 per cent between 2000 and 2010. Given the frailties of the EU economy, the dangers are evident.¶ Furthermore, in this stressed oil market, further spikes in prices are quite possible. A war with Iran may be the most frightening possibility. But danger is always present, given the political instabilities in places where oil is produced. Moreover, the world is going to remain stuck in this danger zone, given the soaring demand for oil from rapidly growing emerging countries. The IEA suggests that Chinese sales of private light-duty vehicles will reach 50m a year by 2035, even under an energy-efficient scenario. The implications of such growth in vehicle fleets are quite obvious.¶ The world will be vulnerable to high oil prices and repeated shocks, so long as supply is stagnant, demand buoyant and unrest likely - in short, so long as it remains as it now is. For the US, the best response would be to lower the oil-intensity of its economy, to reduce vulnerability to these shocks. Higher prices would help deliver this. But why does it let all the revenue go to foreigners? It makes far more sense to tax imports and keep some of it, instead.

#### Second -Failure to shore up Venezuelan oil production guts their economy

**Sullivan, Specialist in Latin American Affairs 2013**

Mark P. “Venezuela: Issues for Congress” CRS Report January 10, <http://www.fas.org/sgp/crs/row/R40938.pdf> accessed tm 7/2

With an estimated 211 billion barrels of proven oil reserves (the largest in the hemisphere, up from previously reported 99 billion in proven reserves), Venezuela’s major economic sector is petroleum, which accounts for 90% of exports, more than 30% of its gross domestic product, and half of the government’s fiscal income.50 The country is classified by the World Bank as an upper middle income developing country because of its relatively high per capita income of $11,820 (2011).51

#### Venezuelan instability causes economic downturn in Latin America

James Bargent [Independent journalist writing about issues in Columbia and Latin America] ¶ March 5th, 2012 Political, Economic Instability Could Get ‘Ugly’ in Venezuela¶ <http://www.nearshoreamericas.com/venezuela-outsourcing-political-economic-instability/>

With President [Hugo Chavez](http://www.bbc.co.uk/news/world-latin-america-16558160" \t "_blank) gravely ill, a creaking economy, and a [resurgent opposition](http://www.huffingtonpost.com/2012/02/07/chavez-opposition-venzuela-election_n_1259941.html" \t "_blank) readying themselves for October’s presidential elections, [Venezuela](http://en.wikipedia.org/wiki/Venezuela" \t "_blank) could be approaching a period of political and economic instability with serious implications for countries and business interests across the region.¶ The news that [Chavez was flying to Cuba](http://www.washingtonpost.com/world/americas/venezuelas-chavez-confirms-doctors-find-new-lesion-faces-new-surgery/2012/02/21/gIQAoWEdRR_story.html) for a third operation in his battle against cancer has plunged the [election into uncertainty](http://www.huffingtonpost.com/2012/02/26/chavez-surgery-venezuela-elections_n_1302455.html" \t "_blank) as there is no clear successor from his United Socialist Party of Venezuela (PSUV), and also raises questions about how stable things will be for [BPO](http://bpooutcomes.com/" \t "_blank) and IT outsourcing companies there.¶ [Adam Isacson](http://www.wola.org/people/adam_isacson" \t "_blank), director of the [Regional Security Policy Program](http://www.wola.org/program/regional_security_policy" \t "_blank) at the Washington Office on Latin America, says, “Chavez has deliberately not made clear who his successor would be … and there do seem to be these guys who are political dwarves but who are building their own power bases.” He warns: “It could be pretty ugly.”¶ Whoever stands for the PSUV will face Miranda state governor [Henrique Capriles](http://news.yahoo.com/chavezs-opponents-gear-venezuela-vote-161835501.html). The 39-year-old has broken the mold for recent Venezuelan opposition candidates by leaving behind divisive rhetoric to stand as a moderate on a platform of reconciliation. Modeling himself on Brazil’s center-left ex-president Lula Da Silva, Capriles has promised a gentle transition to a market-friendly social democracy that opens up the economy while maintaining core welfare programs.¶ Capriles’ popularity has been buoyed by growing concerns over electricity blackouts, shortages of staple products, skyrocketing crime and a persistent failure to tackle Venezuela’s [rampant corruption](http://blog.transparency.org/2011/07/20/venezuela-at-last-a-solution-to-corruption/) and [26% inflation rate](http://www.tradingeconomics.com/venezuela/inflation-cpi). While opinion polls show him within striking distance of Chavez, Capriles still faces a difficult task. Chavez retains [50-60% approval ratings](http://www.terra.com.ve/actualidad/articulo/html/act2967423-encuestas-mantienen-a-chavez-como-favorito-para-comicios-2012.htm) and a dedicated following having overseen a [21.6% drop in poverty](http://venezuela-us.org/2012/01/13/eclac-venezuela-has-third-lowest-poverty-rate-in-latin-america/) and boosted access to health, education and housing.¶ If Capriles wins, he could face an even tougher challenge asserting his authority. The PSUV will retain control over Congress until at least 2014, while Chavez loyalists dominate the military and key economic institutions. Some analysts believe the military, backed by pro-government “Bolivarian Militias,” which the government claims are 125,000 strong – although that figure is disputed, [may even intervene](http://www.economist.com/node/18529829) to prevent a handover of power.¶ According to Isacson, the situation would be nervously monitored by those worried the instability could spread. “The possibility of implosion, a vacuum or the lack of authority would be the biggest concern among Venezuela’s neighbors,” he said. Isacson also believes the death, withdrawal or defeat of Chavez could affect the region by ending the Venezuelan led push towards alternative forms of regional integration through the [Bolivarian Alliance for the Americas (ALBA)](http://venezuelanalysis.com/analysis/339) and causing severe economic problems for Nicaragua and Cuba, who are heavily dependent on subsidized or exchanged Venezuelan oil.

#### Global Economic decline and crises result in international and intra country wars with escalation likely—consensus of international studies prove

Royal 10 —Director of Cooperative Threat Reduction at the U.S. Department of Defense, M.Phil. Candidate at the University of New South Wales, 2010

(Jedidiah, Economics *of War and Peace: Economic, Legal and Political Perspectives*, JA)

Less intuitive is how periods of economic decline may increase the likelihood of external conflict. Political science literature has contributed a moderate degree of attention to the impact of economic decline and the security and defence behaviour of interdependent states. Research in this vein has been considered at systemic, dyadic and national levels. Several notable contributions follow. ¶ First, on the systemic level, Pollins (2008) advances Modelski and Thompson's (1996) work on leadership cycle theory, finding that rhythms in the global economy are associated with the rise and fall of a pre-eminent power and the often bloody transition from one pre-eminent leader to the next. As such, exogenous shocks such as economic crises could usher in a redistribution of relative power (see also Gilpin. 1981) that leads to uncertainty about power balances, increasing the risk of miscalculation (Feaver, 1995). Alternatively, even a relatively certain redistribution of power could lead to a permissive environment for conflict as a rising power may seek to challenge a declining power (Werner. 1999). Separately, Pollins (1996) also shows that global economic cycles combined with parallel leadership cycles impact the likelihood of conflict among major, medium and small powers, although he suggests that the causes and connections between global economic conditions and security conditions remain unknown. ¶ Second, on a dyadic level, Copeland's (1996, 2000) theory of trade expectations suggests that 'future expectation of trade' is a significant variable in understanding economic conditions and security behaviour of states. He argues that interdependent states are likely to gain pacific benefits from trade so long as they have an optimistic view of future trade relations. However, if the expectations of future trade decline, particularly for difficult [end page 213] to replace items such as energy resources, the likelihood for conflict increases, as states will be inclined to use force to gain access to those resources. Crises could potentially be the trigger for decreased trade expectations either on its own or because it triggers protectionist moves by interdependent states.4 ¶ Third, others have considered the link between economic decline and external armed conflict at a national level. Blomberg and Hess (2002) find a strong correlation between internal conflict and external conflict, particularly during periods of economic downturn. They write,¶ The linkages between internal and external conflict and prosperity are strong and mutually reinforcing. Economic conflict tends to spawn internal conflict, which in turn returns the favour. Moreover, the presence of a recession tends to amplify the extent to which international and external conflicts self-reinforce each other. (Blomberg & Hess, 2002. p. 89) ¶ Economic decline has also been linked with an increase in the likelihood of terrorism (Blomberg, Hess, & Weerapana, 2004), which has the capacity to spill across borders and lead to external tensions. ¶ Furthermore, crises generally reduce the popularity of a sitting government. “Diversionary theory" suggests that, when facing unpopularity arising from economic decline, sitting governments have increased incentives to fabricate external military conflicts to create a 'rally around the flag' effect. Wang (1996), DeRouen (1995). and Blomberg, Hess, and Thacker (2006) find supporting evidence showing that economic decline and use of force are at least indirectly correlated. Gelpi (1997), Miller (1999), and Kisangani and Pickering (2009) suggest that the tendency towards diversionary tactics are greater for democratic states than autocratic states, due to the fact that democratic leaders are generally more susceptible to being removed from office due to lack of domestic support. DeRouen (2000) has provided evidence showing that periods of weak economic performance in the United States, and thus weak Presidential popularity, are statistically linked to an increase in the use of force. ¶ In summary, recent economic scholarship positively correlates economic integration with an increase in the frequency of economic crises, whereas political science scholarship links economic decline with external conflict at systemic, dyadic and national levels.5 This implied connection between integration, crises and armed conflict has not featured prominently in the economic-security debate and deserves more attention. ¶ This observation is not contradictory to other perspectives that link economic interdependence with a decrease in the likelihood of external conflict, such as those mentioned in the first paragraph of this chapter. [end page 214] Those studies tend to focus on dyadic interdependence instead of global interdependence and do not specifically consider the occurrence of and conditions created by economic crises. As such, the view presented here should be considered ancillary to those views.

#### Advantage 2 – US credibility

#### Current lack of engagement with Venezuela harms US credibility in the region

**Griffin, 2013**

(John, “Engage with Venezuela”, The Harvard Crimson, April 3, <http://www.thecrimson.com/article/2013/4/3/Harvard-Venezuela-Chavez-death/#4>, BT)

Diplomatically, positive engagement with Venezuela would be a major step toward building American credibility in the world at large, especially in Latin America. Chávez (along with his friends the Castros in Cuba) was able to bolster regional support for his regime by pointing out the United States’ attempts to forcibly intervene in Venezuelan politics. Soon, a number of populist governments in Latin America had rallied around Chávez and his anti-American policies. In 2004, Bolivia, Ecuador, Nicaragua, and three Caribbean nations joined with Venezuela and Cuba to form the Bolivarian Alliance for the Peoples of our America, an organization in direct opposition to the Free Trade Area in the Americas proposed (but never realized) by the Bush administration. Chávez galvanized these nations—many of whom have experienced American interventionist tactics—by vilifying America as a common, imperial enemy.Unfortunately for the United States, its general strategy regarding Venezuela has often strengthened Chávez’s position. Every time Washington chastises Venezuela for opposing American interests or attempts to bring sanctions against the Latin American country, the leader in Caracas (whether it be Chávez or Maduro) simply gains more evidence toward his claim that Washington is a neo-colonialist meddler. This weakens the United States’ diplomatic position, while simultaneously strengthening Venezuela’s. If Washington wants Latin America to stop its current trend of electing leftist, Chavista governments, its first step should be to adopt a less astringent tone in dealing with Venezuela. Caracas will be unable to paint Washington as an aggressor, and Washington will in turn gain a better image in Latin America.Beyond leading to more amicable, cooperative relationships with Latin American nations, engagement with Venezuela would also be economically advisable. With the world’s largest oil reserves, countless other valuable resources, and stunning natural beauty to attract scores of tourists, Venezuela has quite a bit to offer economically. Even now, America can see the possible benefits of economic engagement with Caracas by looking at one of the few extant cases of such cooperation: Each year, thousands of needy Americans are able to keep their homes heated because of the cooperation between Venezuela and a Boston-area oil company.Engagement with Venezuela would also lead to stronger economic cooperation with the entirety of Latin America. It was mostly through Venezuela’s efforts that the United States was unable to create a “Free Trade Area of the Americas,” an endeavor that would have eliminated most trade barriers among participant nations, thereby leading to more lucrative trade. In a world where the United States and Venezuela were to enjoy normalized relations, all nations involved would benefit from such agreements.

#### US credibility in the region key to larger US Latin America relations which in turn solve multiple problems

**Alvarado**, former diplomat in the Mission of Venezuela to the Organization of American States, **2013**

(Liza Torres, “The US Must Re-Evaluate its Foreign Policy in Latin America”, International Relations and Security Network, May 31, <http://isn.ethz.ch/Digital-Library/Articles/Detail/?lng=en&id=164370>, accessed on 7/3/13, BT)

Transnational organized crime, drug trafficking, and immigration problems are worth making joint efforts to resolve. The U.S. should encourage the strengthening of political and economic ties in the Americas as well as promoting compliance of international commitments as a sign of willingness to improve relations. There are many hemispheric conventions that provide the legal framework to begin to work together against negative outcomes. An example is the Declaration on Security in the Americas signed by the countries of the hemisphere in 2003. This document describes the new concept of multidimensional security, and incorporates as new threats issues such as terrorism, drug trafficking and organized crime, environmental degradation, natural resource and food scarcity, and uncontrolled population growth and migration.The United States should take active part in establishing institutional networks through which policies can be coordinated, and through these promote the expansion of employment opportunities for the population, stimulate fair trade agreements, and encourage the protection of the hemisphere against drug trafficking and organized crime. These are all proposals that would certainly help to create better relations between the states of the Western Hemisphere. Relations between the United States and Latin America are complex and changing. If they are based on cooperation, with respect to the principles of self-determination and non-intervention, they can become stronger. As such, the U.S. must be willing to re-evaluate its foreign policy and perspectives toward the rest of the Western Hemisphere.

#### US credibility in Latin America significant to international stability

**Sabatini**, editor-in-chief of Americas Quarterly and senior director of policy at Americas Society/Council of the Americas, **and Berger**, policy associate at the Americas Society/Council of the Americas, **2012**

(Christopher and Ryan, 6/13/2012, Why the U.S. can’t afford to ignore Latin America, globalpublicsquare.blogs.cnn.com/2012/06/13/why-the-u-s-cant-afford-to-ignore-latin-america/ accessed tm 7/8)

Speaking in Santiago, Chile, in March of last year, President Obama called Latin America [“a region on the move,”](http://www.whitehouse.gov/the-press-office/2011/03/21/remarks-president-obama-latin-america-santiago-chile) one that is “more important to the prosperity and security of the United States than ever before.”¶ Somebody forgot to tell the Washington brain trust.¶ The Center for a New American Security, a respected national security think tank a half-mile from the White House, recently released a new [series of policy recommendations](http://cnas.org/files/documents/publications/CNAS_AmericasPath_FontaineAndLord.pdf) for the next presidential administration. The 70-page “grand strategy” report only contained a short paragraph on Brazil and made only one passing reference to Latin America.¶ Yes, we get it. The relative calm south of the United States seems to pale in comparison to other developments in the world: China on a seemingly inevitable path to becoming a global economic powerhouse, the potential of political change in the Middle East, the feared dismemberment of the eurozone, and rogue states like Iran and North Korea flaunting international norms and regional stability.¶ But the need to shore up our allies and recognize legitimate threats south of the Rio Grande goes to the heart of the U.S.’ changing role in the world and its strategic interests within it.¶ Here are three reasons why the U.S. must include Latin America in its strategic calculations:¶ **1. Today, pursuing a global foreign policy requires regional allies.**¶ Recently, countries with emerging economies have appeared to be taking positions diametrically opposed to the U.S. when it comes to matters of global governance and human rights. Take, for example, Russia and China’s [stance on Syria](http://www.cnn.com/2012/06/07/world/asia/china-russia-syria/index.html), rejecting calls for intervention.¶ Another one of the BRICS, Brazil, tried to stave off the tightening of U.N. sanctions on Iran two years ago. And last year, Brazil also voiced its official opposition to intervention in Libya, leading political scientist Randall Schweller to refer to Brazil as [“a rising spoiler.”](http://osu.academia.edu/RandallSchweller/Papers/1280620/Emerging_Powers_in_an_Age_of_Disorder)¶ At a time of (perceived) declining U.S. influence, it’s important that America deepens its ties with regional allies that might have been once taken for granted. As emerging nations such as Brazil clamor for permanent seats on the U.N. Security Council and more representatives in the higher reaches of the World Bank and the International Monetary Fund, the U.S. will need to integrate them into global decision-making rather than isolate them.¶ If not, they could be a thorn in the side of the U.S. as it tries to implement its foreign policy agenda. Worse, they could threaten to undermine efforts to defend international norms and human rights.¶ **2. Latin America is becoming more international.**¶ It’s time to understand that the U.S. isn’t the only country that has clout in Latin America.¶ For far too long, U.S. officials and Latin America experts have tended to [treat the region as separate](http://www.foreignaffairs.com/articles/137101/christopher-sabatini/rethinking-latin-america), politically and strategically, from the rest of the world. But as they’ve fought battles over small countries such as Cuba and Honduras and narrow bore issues such as the U.S.-Colombia free-trade agreement, other countries like [China](http://americasquarterly.org/charticle_winter2012.html) and [India](http://www.americasquarterly.org/node/2422) have increased their economic presence and political influence in the region.¶ It’s also clear that countries such as Brazil and Venezuela present their own challenges to U.S. influence in the region and even on the world forum.¶ The U.S. must embed its Latin America relations in the conceptual framework and strategy that it has for the rest of the world, rather than just focus on human rights and development as it often does toward southern neighbors such as Cuba.¶ **3. There are security and strategic risks in the region.**¶ Hugo Chavez’s systematic deconstruction of the Venezuelan state and [alleged ties between FARC rebels and some of Chavez’s senior officials](http://www.cnn.com/2011/WORLD/americas/09/08/venezuela.ofac.list/index.html) have created a volatile cocktail that could explode south of the U.S. border.¶ FARC, a left-wing guerrilla group based in Colombia, has been designated as a “significant foreign narcotics trafficker” by the U.S. government.¶ At the same time, gangs, narcotics traffickers and transnational criminal syndicates are overrunning Central America.¶ In 2006, Mexican President Felipe Calderón launched a controversial “war on drugs” that has since [resulted in the loss of over 50,000 lives](http://globalpublicsquare.blogs.cnn.com/2012/04/24/zakaria-is-mexico-winning-the-drug-war/) and increased the levels of violence and corruption south of the Mexican border in Guatemala, El Salvador, Honduras and even once-peaceful Costa Rica. Increasingly, these already-weak states are finding themselves overwhelmed by the corruption and violence that has come with the use of their territory as a transit point for drugs heading north.¶ Given their proximity and close historical and political connections with Washington, the U.S. will find it increasingly difficult not to be drawn in. Only this case, it won’t be with or against governments — as it was in the 1980s — but in the far more complex, sticky situation of failed states.

**This relationship is key to solving a myriad of problems including regional stability, proliferation and climate change.**

**Shifter** President of Inter-American Dialogue **2012**

Michael "Remaking the Relationship: The United States and Latin America," April, IAD Policy Report, <http://www.thedialogue.org/PublicationFiles/IAD2012PolicyReportFINAL.pdf> accessed tm 7/8

There are compelling reasons for the United States and Latin America to ¶ pursue more robust ties¶ .¶ Every country in the Americas would benefit from strengthened and ¶ expanded economic relations, with improved access to each other’s mar¶ -¶ kets, investment capital, and energy resources¶ .¶ Even with its current eco¶ -¶ nomic problems, the United States’ $16-trillion economy is a vital market ¶ and source of capital (including remittances) and technology for Latin ¶ America, and it could contribute more to the region’s economic perfor¶ -¶ mance¶ .¶ For its part, Latin America’s rising economies will inevitably become ¶ more and more crucial to the United States’ economic future¶ .¶ The United States and many nations of Latin America and the Caribbean ¶ would also gain a great deal by more cooperation on such global matters ¶ as climate change, nuclear non-proliferation, and democracy and human ¶ rights¶ .¶ With a rapidly expanding US Hispanic population of more than 50 ¶ million, the cultural and demographic integration of the United States and ¶ Latin America is proceeding at an accelerating pace, setting a firmer basis ¶ for hemispheric partnership Despite the multiple opportunities and potential benefits, relations between

the United States and Latin America remain disappointing¶ .¶ If new opportuni¶ -¶ ties are not seized, relations will likely continue to drift apart¶ .¶ The longer the ¶ current situation persists, the harder it will be to reverse course and rebuild ¶ vigorous cooperation¶ .¶ Hemispheric affairs require urgent attention—both ¶ from the United States and from Latin America and the Caribbean.

#### Contention 2 - Solvency—

#### US government should engage with Venezuela to improve relations and address underlying problems in relations

**Griffin, 2013**

(John, “Engage with Venezuela”, The Harvard Crimson, April 3, <http://www.thecrimson.com/article/2013/4/3/Harvard-Venezuela-Chavez-death/#4>, accessed TM 7/10)

When Venezuelan President Hugo Chávez [died](http://www.theinternational.org/articles/370-the-rocky-us-venezuela-relationship-wh) in early February, his country was thrown into a period of national mourning as the political equilibrium in Latin America hung in the balance. As Venezuela chooses its next president, Washington should seek to reverse the current trend of acrid relations between the two nations and engage with the Venezuelan government in Caracas toward stability and prosperity in the Western hemisphere.¶ While it might seem likely that relations between the United States and Venezuela would naturally improve after the death of the combative Chávez, the opposite now seems more [likely](http://www.albanyherald.com/news/2013/mar/06/chavez-death-unlikely-improve-us-venezuela-relatio/). Before passing away, Chávez had handpicked a successor in Nicholas Maduro, who has assumed power in the interim before the presidential election in April. As Chávez’s handpicked successor, Maduro has already continued with his mentor’s trend of using anti-American rhetoric to bring popularity to his government, even [declaring](http://www.albanyherald.com/news/2013/mar/06/chavez-death-unlikely-improve-us-venezuela-relatio/) that American agents may have infected Chávez with the cancer that killed him. While Washington has officially [declared](http://www.theinternational.org/articles/370-the-rocky-us-venezuela-relationship-wh) that it is committed to a more functional relationship with Venezuela, its actions have not been consistent with this idea: The United States offered no official condolences for Chávez’s death, and both nations have started [expelling](http://www.cnn.com/2013/03/11/us/venezuela-diplomats-expelled) diplomats from the other. Neither nation, it seems, is steering toward more congenial relations with the other.¶ Admittedly, the United States has good reason to be less than enthused about more Chávez-style governance in Venezuela. [Calling](http://www.nytimes.com/2005/10/30/international/americas/30venezuela.html?_r=0) himself a 21st-century socialist, Chávez [nationalized](http://www.nytimes.com/2009/05/09/world/americas/09venez.html) the lucrative oil industry, developed strong trade and diplomatic relationships with [Iran](http://www.reuters.com/article/2012/01/07/us-venezuela-iran-idUSTRE8060DO20120107) and [Cuba](http://www.nytimes.com/2010/06/15/world/americas/15venez.html?pagewanted=all),[repeatedly](http://www.cnn.com/2006/WORLD/americas/09/20/chavez.un/index.html) [decried](http://www.guardian.co.uk/world/2011/dec/20/hugo-chavez-barack-obama-clown) the United States as an imperialist force, and [cooperated](http://www.reuters.com/article/2012/01/07/us-venezuela-iran-idUSTRE8060DO20120107) with the Iranians in developing nuclear technology. Engaging in petty diplomat-expulsion spats, however, is no way to deal with any of these problems, and it in fact only strengthens the Chavistas’ hold on their country. The diplomatic and economic opportunities that would stem from greater engagement would far outweigh the meager benefits reaped from our current policies.

#### Specifically, the US government should facilitate cooperation on energy policy with Venezuela

Shifter Adjunct Professor of Latin American Studies at Georgetown University's School of Foreign Service **20**13 --- (3/11/2013, Michael, “The Empire Makes Nice: Is it time for a Venezuela reset?” <http://www.foreignpolicy.com/articles/2013/03/11/the_empire_makes_nice_venezuela_hugo_chavez?page=0,1> accessed tm 7/7)

The Obama administration should take two critical facts about Venezuela's post-Chávez political reality into account. First, since Maduro is not Chávez, he will have little choice but to govern in a different fashion than his predecessor. Lacking comparable magnetism and resources, Maduro will likely be somewhat more accommodating to those Chávez treated with utter intransigence, such as the private sector, foreign investors, and the opposition. Maduro, acting out of self-interest, will need, and look for, political oxygen. ¶ The second is simply the risk of turbulence in Venezuela, especially after the upcoming electoral cycle. To be sure, analysts' occasional predictions about political violence during the Chávez years were (happily) not borne out. And given the extent of rancor and polarization in the society, it is striking how little political violence there has been (common crime, on the other hand, [has skyrocketed](http://latino.foxnews.com/latino/news/2012/11/13/caracas-soaring-murder-rate-set-to-surpass-last-year-numbers/" \t "_blank)). Still, the security situation is far from settled -- a [militia force of 125,000](http://www.economist.com/news/briefing/21573095-after-14-years-oil-fuelled-autocracy-hugo-ch%C3%A1vezs-successors-will-struggle-keep" \t "_blank) answered directly to Chávez -- and it would be a mistake to rule out chaotic and perilous scenarios that should be of great concern to the entire hemisphere. ¶ What does this mean for Washington? Assuming that Maduro succeeds Chávez, the Obama administration should be amenable to taking steps toward establishing a better relationship with Caracas. Since the relationship today is practically nonexistent, that would not require a big leap. ¶ It might simply entail opening up channels of communication and seeking to establish an ambassadorial presence in both capitals which -- absurdly, given the strong commercial relationship between the two countries -- have not existed since 2010. Beyond that, depending on how Venezuela's economic situation unfolds, it might be worth exploring some degree of cooperation and support in energy. Under Chávez, Venezuela's state oil company PDVSA has suffered from declining production and investment and heavy politicization. Maduro may not want to change that right away -- he will need to show that he is a loyal Chávista. But if the country's fiscal pressures prove untenable, he may have few options, and the United States should be open to helping out. Collaboration on counternarcotics and law enforcement would also be desirable but for the time being are probably non-starters politically, given the depth of mutual mistrust (not to mention that seven Venezuelan officials are on a [Treasury Department blacklist](http://online.wsj.com/article/SB10001424127887324581504578235911777903292.html" \t "_blank) for their alleged involvement in drugs and arms dealing). ¶

#### And, Venezuela will engage US – economic interests trump anti- American sentiments

**Metzker, 2013**

(Jared, “Analysts Say Oil Could Help Mend U.S.-Venezuela Relations,” 6/17/2013, <http://www.ipsnews.net/2013/06/analysts-say-oil-could-help-mend-u-s-venezuela-relations/> accessed tm 7/7

Over half of Venezuela’s federal budget revenues come from its oil industry, which also accounts for 95 percent of the country’s exports. Estimated at 77 billion barrels, its proven reserves of black gold are the largest of any nation in the world.¶ Despite a troubled political relationship, its principal customer is the United States, which imports nearly a million barrels a day from Venezuela.¶ Venezuela’s oil industry has been officially nationalised since the 1970s, and, as president, Chavez further tightened government control over its production. His government took a greater chunk of revenues and imposed quotas that ensured a certain percentage would always go directly towards aiding Venezuelans via social spending and fuel subsidies.¶ While these measures may be popular with Venezuelans, who pay the lowest price for gasoline in the world, critics argue such policies hampered growth and led to mismanagement of Petroleos de Venezuela, S.A. (PdVSA), the main state-run oil company.¶ The same critics also point to increasing debt levels, slowdowns in productions and accidents stemming from faulty infrastructure.¶ In order to boost production, PdVSA agreed in May to accept a number of major loans. This includes one from Chevron, one of the largest U.S. oil companies, which will work with Venezuelans to develop new extraction sites.¶ “The oil sector is in deep trouble in Venezuela – production is down and the economic situation is deteriorating,” explained Shifter. “They know they need foreign investment to increase production, and this is in part what has motivated Maduro to reach out.”¶ If its economy continues to falter, Venezuela may be further tempted to embrace the United States, which has the largest, most sophisticated fossil fuel industry in the world. Kerry’s recent words suggest that the administration of President Barack Obama would be waiting with open arms.¶ “Venezuela cannot confront its economic crisis and the United States at the same time,” Diana Villiers Negroponte, a senior fellow at the Brookings Institute, a Washington think tank, told IPS, “and we are a pragmatic country which will deal with Maduro if it is in our interests.”

#### Venezuela needs influx of foreign investment into fields in order to increase production

**Gue, energy advisor, 2013** (Elliott, “Venezuela Oil production” Energy and income advisor March 21 <https://www.energyandincomeadvisor.com/venezuelan-oil-production-no-overnight-recovery/> 7/3 TM)

Over the long run, this investment thesis should pan out. Although Maduro will likely coast in the upcoming presidential election, the country can’t afford to continue Chavez’s magnanimous social programs because PDSVA flagging hydrocarbon output can no longer support these expenditures. However, the national oil company can’t restore production growth overnight; reversing years of neglect will require significant foreign investment in exploration and development.

The idea that an upsurge in Venezuelan hydrocarbon production in the aftermath of Chavez’s death will depress global oil prices in the near term betrays a lack of familiarity with the recent history of the country’s oil industry. A more likely outcome: Murado will continue Chavismo until the situation truly becomes untenable and the requisite foreign investment revitalizes Venezuela’s neglected oil fields.

### Other plan ideas:

#### The plan: The United States federal government should encourage private investment in Venezuelan oil production and refinery capacity through the repeal of the sanctions imposed against Petroles de Venezuela S. A. pursuant to the Comprehensive Iran Sanctions, Accountability and Divestment Act of 2010.

# Inherency/State of the SQ

### SQ – Sanctions on PdVSA – Iran additive

#### The comprehensive Iran sanctions accountability and disinvestmentact let to sanctions on Venezuelan oil companies.

**Sullivan, Specialist in Latin American Affairs 2013**

Mark P. “Venezuela: Issues for Congress” CRS Report January 10, http://www.fas.org/sgp/crs/row/R40938.pdf accessed tm 7/2

On May 24, 2011, the State Department also sanctioned the Venezuelan oil company, Petróleos de Venezuela (PdVSA), pursuant to the Comprehensive Iran Sanctions, Accountability, and Disinvestment Act of 2010 (P.L. 111-195) for providing two shipments of reformate, an additive used in gasoline, to Iran, between December 2010 and March 2011. The shipments were valued at around $50 million. Under the sanctions, PdVSA is prohibited from competing for U.S. government procurement contracts, securing financing from the Export-Import Bank, and obtaining U.S. export licenses. The sanctions specifically exclude PdVSA subsidiaries (Citgo) and do not prohibit the export of oil to the United States.

#### Sanctions prevent Venezuelan bid on contracts, financing from the Export-Import Bank

**.Graybeal 2013**

(1-22-13, Susan Graybeal, Yahoo News Reporter, “Missing President Creates Concern About U.S.-Venezuela Oil Ties” <http://news.yahoo.com/missing-president-creates-concern-u-venezuela-oil-ties-183500863.html>)

According to the U.S. Department of State, in 2011 the United States imposed sanctions on the Venezuelan national oil company for delivering at least three cargoes of a blending component for gasoline to Iran. The sanctions prohibit Venezuela from competing for U.S. government contracts, securing financing through the Export-Import Bank of the United States and obtaining export licenses.

### US maintains oil sanctions – PdVSA support Iran

#### Sanctions prevent Venezuelan bid on contracts, financing from the Export-Import Bank

**Graybeal 2013**

(1-22-13, Susan Graybeal, Yahoo News Reporter, “Missing President Creates Concern About U.S.-Venezuela Oil Ties” <http://news.yahoo.com/missing-president-creates-concern-u-venezuela-oil-ties-183500863.html>)

According to the U.S. Department of State , in 2011 the United States imposed sanctions on the Venezuelan national oil company for delivering at least three cargoes of a blending component for gasoline to Iran. The sanctions prohibit Venezuela from competing for U.S. government contracts, securing financing through the Export-Import Bank of the United States and obtaining export licenses.

#### February 2013 reauthorization of sanctions for assistance with Iran proliferation

**Sullivan, Specialist in Latin American Affairs and Beittel, 2013**

Mark P. and June, April 5 “Latin America Terrorism Issues” CRS Report http://digitalcommons.ilr.cornell.edu/cgi/viewcontent.cgi?article=2063&context=key\_workplace accessed tm 7/2

The United States has imposed sanctions on three Venezuelan companies because of their alleged ¶ support for Iran, and also has imposed sanctions on Venezuelan individuals because of their ¶ support for Hezbollah, the radical Lebanon-based Islamic Shiite group supported by Iran. ¶ To date, the United States has imposed sanctions on two companies in Venezuela because of ¶ connections to Iran’s proliferation activities. In August 2008, the State Department imposed ¶ sanctions on the Venezuelan Military Industries Company (CAVIM) pursuant to the Iran, North ¶ Korea, and Syria Nonproliferation Act (P.L. 109-353) for allegedly violating a ban on technology ¶ that could assist Iran in the development of weapons systems.¶ 44¶ The sanctions prohibited any U.S. ¶ government procurement or assistance to the company. While these sanctions expired in 2010, ¶ they were imposed once again on May 23, 2011, for a two-year period,¶ 45¶ and again on February ¶ 11, 2013, for a two-year period.¶ 46¶ In October 2008, the U.S. Treasury Department imposed ¶ sanctions on an Iranian-owned bank based in Caracas, the Banco Internacional de Desarollo, ¶ C.A., under Executive Order 13382 that allows the President to block the assets of proliferators of ¶ weapons of mass destruction and their supporters. The bank is linked to the Export Development ¶ Bank of Iran (EDBI), which the Treasury Department asserts has provided or attempted to ¶ provide services to Iran’s Ministry of Defense and Armed Forces Logistics.

# Solvency

## US engagement gets investment in oil

### Solvency – US engagement

#### US crucial for Venezuela future- Gulf Cost refineries prove

**Ladislaw and Verrastro**, co-director and senior fellow with the Energy and National Security Program at the Center for Strategic and International Studies (CSIS) in Washington, D.C, senior vice president, **2013**

(Sarah and Frank, “Post Chavez Outlook for Venezuela Oil Production, CSIS, March 6, <http://csis.org/publication/post-chavez-outlook-venezuelan-oil-production>, accessed on 7/4/13, BT)

What about Venezuela’s relationship with the United States? Over the last ten years the sustained trading relationship between the United States and Venezuela has been one of the stabilizing forces in an otherwise contentious and sometimes volatile relationship. U.S. refineries in the Gulf Coast are specifically designed to process Venezuela’s sour and medium to heavy crude and serves as its natural market. Despite oil production being down, the United States still imports just under a million barrels of crude per day from Venezuela (down from a peak of 1.4 mmbd in 1997) and, as stated earlier, the government of Venezuela is highly dependent on those revenues for their ongoing stability, especially as revenue from other exports and domestic consumption decline. As we look ahead to another period of transition in Venezuela it is important to be mindful of the potential for disruption and to look for ways to mitigate the impacts of such disruption, but it is equally important to remember the trade ties that bind the two countries for the time being and to find opportunities to drive change in a positive direction.Time may be limited in this regard because the U.S. domestic production outlook is changing thanks to tight oil development in the United States and the influx of Canadian oil sands, both of which are giving U.S. refiners more options in terms of the crudes they use and more decisions to make about how they want to configure their refineries going forward. A future in which Venezuela is no longer as competitive in its natural market in the United States would change the outlook for Venezuelan crude marketing decisions.The long-term outlook for Venezuela’s continued oil market production is changing both in commercial and political terms. The situation has looked unsustainable for a long period of time but has managed to persist longer than most people though it would. Only time will tell if the upcoming leadership changes will bring a new chapter for Venezuela.

#### Venezuelan trade and oil addiction weakens the Venezuelan economy – trade key to improving relations

**Stranko 3-8-13**

(James Stranko is the Director of Communications at Latin American Private Equity & Venture Capital Association and Editor-in-Chief of Avenida America. <http://semancha.com/2013/03/08/the-venezuelan-economy-three-myths-and-three-truths/>, AD 7-1-13, SP)

Rapprochement with the United States. The US is Venezuela’s largest trading partner, in good times and bad. Chavez’s saber-rattling did little more than energize a base of anti-U.S. sentiment in Latin America and put a bee in Washington’s bonnet. This is not a call for a fundamental realignment of interests for the country, but in order to get its economy back on track, it should begin relying on healthy trade relationships and diversified exports rather than a passive-aggressive addiction to oil exports and unproductive domestic industries. Better trade and relations with the U.S. (and to some extent, Brazil) would be an ideological step towards accomplishing this goal.

#### US should act now in engaging with Venezuela – push towards development

**Roberts and Daga**, Research Fellow for Economic Freedom and Growth in the Center for International Trade and Economic and

Visiting Senior Policy Analyst for Economic Freedom in Latin America at The Heritage Foundation*,* **2013**

(James M and Sergio, “Venezuela: U.S. Should Push President Maduro Toward Economic Freedom”, Heritage, April 15, <http://www.heritage.org/research/reports/2013/04/venezuela-us-should-push-president-maduro-toward-economic-freedom>, accessed on 7/1/13, BT)

Hugo Chavez’s hand-picked successor, former trade union boss Nicolás Maduro, appears to have defeated Governor Henrique Capriles by a narrow margin in a contentious and hard-fought special election on April 14. Venezuela is in such shambles after 14 years of seat-of-the-pants mismanagement that Maduro—assuming his victory is confirmed—may ultimately be forced to pursue more moderate policies and seek help from the U.S. to restore stability. The Obama Administration and Congress should exploit this opening by using U.S. leverage to push Venezuela to turn from Chavez’s failed experiment in oil-cursed[[1]](http://www.heritage.org/research/reports/2013/04/venezuela-us-should-push-president-maduro-toward-economic-freedom" \l "_edn1) “21st-century socialism” toward economic freedom.

**US regional engagement key to energy security**Farnsworth, --- vice president of the Council of the Americas and Americas Society 2013

(Eric, “ENERGY SECURITY OPPORTUNITIES IN LATIN AMERICA

AND THE CARIBBEAN, HEARING BEFORE THE HOUSE COMMITTEE ON FOREIGN AFFAIRS SUBCOMMITTEE ON THE WESTERN HEMISPHERE, 4/11/2013, <http://docs.house.gov/meetings/FA/FA07/20130411/100622/HHRG-113-FA07-Wstate-FarnsworthE-20130411.pdf>, accessed 7/7 tm)

Even when political relations are troubled with¶ certain countries, for example Venezuela¶ and Ecuador, the United States continues to engage in energy trade on a commercial¶ basis. At¶ the same time, a dramatic expansion of new energy resources across the¶ hemisphere made possible by new technologies incl¶ uding ultra¶ -¶ deep water drilling¶ offshore and biofuel production and fracking onshore has created the possibility of a new,¶ highly¶ favorable paradigm¶ for hemispheric energy¶ .¶ Herein lies¶ the¶ primary opportunity for regional partnership¶ , if we are nimble e¶ nough,¶ collectively, to grasp it¶ :¶ working together as a hemisphere to increase¶ energy security¶ for¶ all¶ parties¶ in a manner that¶ lowers costs through increased production and greater¶ efficiencies, encourages sustainable economic growth, development, and job¶ creation,¶ and supports a clean energy matrix¶ with¶ appropriate environmental protections.¶ In fact,¶ energy partnership was one of the key initiatives at the 1994 Summit of the Americas in¶ Miami, at the insistence of Ve¶ nezuela, and was one of the¶ deliverabl¶ es coming out of the¶ 2009 Summit of the Americas in Trinidad and Tobago. Changing sector dynamics make¶ the vision truly compelling, to the extent that regional political¶ challenges¶ can be¶ minimized or overcome.¶ At the same time, the United States is not¶ the only nation that sees the potential for¶ cooperation in Latin American, Caribbean, and Canadian energy¶ . China,¶ which is now¶ the world’s top energy consumer¶ ,¶ is a relatively recent but very¶ active participant in the¶ development of regional energy resources, as¶ are¶ other nations such as India and Russia,¶ a trend that we expect will continue¶ and also accelerate¶ into the indefinite future.¶ This is¶ a region that is now in play and in my view,¶ th¶ e United States must do a better job¶ making the case for regional partnership because alternatives for the region exist today¶ which simply did not exist¶ a decade ago. A¶ strategic approach¶ to the hemisphere¶ with¶ energy a¶ t the core¶ should be at the top of o¶ ur agenda¶ .

## Say Yes Debate /will allow investment

### Venezuela wants economic engagement - currency

#### US Should act now- Venezuela Pushing for Economic Currency Reform

\*we do not endorse the use of the term black market in this evidence

**Vyas, 2013**

(Kejal, “Venezuela Pushing for Economic, Currency Controls Reform-Barclays”, The Wall Street Journal, June 10, <http://online.wsj.com/article/BT-CO-20130610-706898.html>, accessed on 7/3/13, BT)

Venezuelan authorities are moving toward liberalizing currency controls as part of a series of "measures that would represent a significant shift in economic policy toward moderation," analysts at Barclays said in a note published Monday.The investment bank recommended buying up Venezuelan dollar debt after ending a recent round of meetings with officials in the Finance Ministry as well as Petroleos de Venezuela SA, or PdVSA, the oil-rich country's state energy giant.On the currency front, authorities plan to reopen a dollar-auction system known as Sicad next month, Barclays said. It added they also are pushing to make legal again a bond-swap market which used to trade Venezuelan government bonds and served as an avenue for locals to access hard currency. The swap market, which was known locally as the permuta until it was shutdown in 2010, may be reopened within the medium term and "would make the current black market legal," the bank said.Venezuela's government applies currency regulations that give it control over access to dollars in the country. The amount of greenbacks being offered through state channels, however, has dropped over the last several months leading to shortages of imported goods and rapid depreciation of local bolivar currency. A dollar in illegal street transactions can fetch as much as VEF30, according to websites that track the currency black market, compared with the official exchange rate of VEF6.3.Officials earlier this year opened up Sicad as a complementary channel for importers to access much-needed dollars but has only held one auction so far, leading some analysts to question how effective the sales will be in alleviating dollar demand.Reopening Sicad and the permuta at weaker exchange rates helps "the public sector improve its balance sheet, would ease the problem in foreign exchange flows and help to solve the disruptions to supplies that are affecting [economic] activity," Barclays said.The bank warned, however, that the economy is unlikely to benefit until late this year. "At this point it seems too late to avoid a recession in 2013," it said.A spokesman at the Finance Ministry and a spokeswoman at the central bank didn't immediately respond to calls seeking comment.The comments come as President Nicolas Maduro looks to address economic imbalances left behind by late populist leader Hugo Chavez, who died in March after 14 years in office. Finance Minister Nelson Merentes and central bank President Edmee Betancourt have held a series of meetings with private-sector leaders in recent weeks and say they are also talking to overseas investment banks in an effort to improve market relations after more than a decade of statist policies and nationalizations.Barclays added that Venezuela's international reserves could jump up 30% to 40% "in the very short term" in a bid to prove to investors the government's ability to pay.PdVSA, however, may continue to see falling oil exports--to the tune of 200,000 barrels a day in 2013, costing $7.5 billion--thanks to a continued rise in domestic consumption, especially for power generation. The bank says Venezuela will use 740,000 barrels a day internally this year, up 74,000 from 2012.

#### Maduro seeking more foreign investment – relationships with biz

**Mallett-Outtrim, 2013**

(Ryan, “Maduro Plans Economic Reform, Reform of Currency Exchange, and Special Economic Zones in Venezuela”, NSNBC, <http://nsnbc.me/2013/04/26/maduro-plans-economic-reform-reform-of-currency-exchange-and-special-economic-zones-in-venezuela/>, accessed on 7/3/13, BT)

The Venezuelan government hopes to encourage  more foreign investment and a better relationship with the business community, President Nicolas Maduro stated yesterday. Announcing the creation of a “National Savings Fund for Foreign Exchange”, Maduro said the government hopes to make currency exchange easier not only for businesses, but also “travellers, students” and Venezuelans **living abroad.**In a meeting with business leaders in Zulia state, Maduro indicated that changes to current currency controls are needed not only to*“overcome the parallel dollar”*, but also address a backlog of currency exchange applications.According to Maduro, there are pending applications for currency exchanges at the government rate dating back to 2011.He also invited the private sector to work more with the government to contribute to the *“development of the productive forces and the country’s economy”*, and announced plans to create *“Special Economic Zones”* in some regions. These zones would be granted special tax conditions, as well as other incentives to encourage foreign investment. Although he gave few details, Maduro indicated that they would be modeled on those that developed during China’s trade liberalisation of the 1980′s.Maduro stated that more details will be announced soon, and Finance Minister Nelson Merentes will hold a series of meetings with business leaders across the country from 2 May. The meetings will focus on issues related to currency exchange, though Maduro also stated that the government will prioritise tackling inflation.“We are in a transition process towards building a socialist economic model that merits the promotion of a special plan of a productive economic revolution, and that includes the participation of different sectors,” he said.Maduro described the private sector as having the financial and political freedom to participate in an “economic revolution” to raise productivity and self sustainability.“We have a strong and powerful domestic market with purchasing capacity, because we have a population with job security, good income and strong wages…Now we need a production system to respond to this,” he said.

### Venezuela say yes – Cuba

#### Cuba pushing for U.S.-Venezuelan relations- Venezuela must submit

**Oppenheimer 2013**

(Andres, an Argentine journalist who is the Latin American editor and syndicated foreign affairs columnist with The Miami Herald, “Andres Oppenheimer: Venezuela Vice President Maduro will raise anti-U.S. rhetoric — for now,” Miami Herald, 3-6-13, 7-2-13, file:///C:/Users/pcuser1/Dropbox/13%20PSM%20Lab%20Folder/Kelly%20Cody/Articles/Oppenheimer%20-%20Venezuela%20Anti%20US%20rhetoric.htm)//KC

Right now, Maduro is following Chávez’s script of provoking confrontations and inventing domestic and foreign conspiracies, so as to present himself as the protector of the fatherland and cast his political rivals as alleged U.S. stooges. It’s a script that Chávez followed for the past 14 years, and that worked well for him. But Maduro is pretty much managed by remote control from Cuba — which has depended on Chávez’s petro dollars to keep the island’s economy afloat — and the Cuban regime’s top priority will be helping Maduro consolidate power at home, and maintaining stability in Venezuela. Cuba will probably tell Maduro, “You have a divided Chavismo, growing economic problems and a serious crime epidemic on the streets. The last thing you need now is it to open a new front by stirring up trouble with Washington.” So Cuba will be among the most interested in preventing a larger U.S.-Venezuelan confrontation. But before getting better, U.S.-Venezuelan ties are likely to get worse.

### AT they say “Maduro resist US business”

#### Maduro privatizing oil – wants business involvement

**Van Auken**, **2013**, Bill, “Venezuela’s Maduro reaches out to big business and Washington”, June 7, 2013, <http://www.wsws.org/en/articles/2013/06/07/vene-j07.html>, 7/4/13, JG

Maduro’s turn toward accommodation with US imperialism has been accompanied by a similar approach to both foreign and domestic capital.¶ Among the most significant deals in terms of foreign capital was reached late last month with Chevron Corp. Chevron is providing $2 billion in financing for Petroboscan, a joint venture between the US oil giant and Venezuela’s state-owned oil company, PDVSA, to boost heavy crude production in the northwestern state of Zulia. Shortly beforehand, PDVSA secured a $1 billion credit line with Houston-based Schlumberger Ltd., the world’s largest oilfield services company.¶ While oil exports to the US have declined to about 900,000 barrels a day, it remains Venezuela’s chief customer for oil, responsible for 95 percent of the country’s export earnings and roughly half of its federal budget revenue.¶ From the standpoint of the US-based energy conglomerates, securing dominance over Venezuela’s oil reserves, the largest in the world, remains a strategic objective. The investments by Chevron and Schlumberger make clear that they see the potential for major profits, the Venezuelan government’s rhetoric about “Bolivarian socialism” notwithstanding.¶ Domestically, after charging for months that major Venezuelan capitalists, backed by the US, were waging an “economic war” against his government, Maduro invited the country’s second-richest individual, Lorenzo Mendoza, the head of the country’s largest food company, Polar, to meet with him last month at the Miraflores presidential palace in Caracas.¶ Both Chavez and Maduro had singled out Polar and Mendoza for attack over the country’s increasingly severe shortages and rising food prices. Holding them responsible for hoarding and waging an “economic war,” they threatened to nationalize the firm.¶ For his part, Mendoza, who is worth some $4.5 billion, was an enthusiastic supporter of the US-backed coup that briefly unseated Chavez in April 2002. This history had contributed to his keeping a fairly low profile under Chavez, but it was noted in the Venezuelan media that he mounted a vigorous public defense of his company in the face of Maduro’s recent charges.¶ Mendoza described the meeting as “very cordial, direct, sincere,” adding, “The president was very kind in listening to us and communicating the need to keep investing, producing and supplying markets. That is our lifelong commitment, passion and vocation.” He said that the two had reached an agreement “not to politicize” the issue of food.¶ Vice President Jorge Arreaza provided a similar description of the encounter between the “working class” president and the billionaire. “The problem’s been overcome,” he said.¶ The meeting with Mendoza was only the most visible of a series of talks between the government and prominent Venezuelan capitalists. Among the deals reached is the lifting of certain price controls and the easing of currency restrictions.¶ “In another sign of the rapprochement, the hallways of the finance ministry for the first time in years are filled with businessmen in sharp suits,” Reuters reported. “Many carry folders stuffed with requests for greater flexibility in the currency control system and an easing of price controls.”¶ The news agency quoted Finance Minister Nelson Merentes stating after one meeting with business executives: “We’ve entered a phase of creating closer ties with the private sector, without ignoring the new socialist economy.”¶ After months of charging the big bourgeoisie in Venezuela with “sabotage,” the Maduro government is now currying its favor and begging it to increase production. This turn is driven by a deepening economic crisis characterized by a decline in growth, soaring inflation and widespread shortages.¶ Venezuela’s inflation rate is now near 30 percent, with the bulk of it reflecting the sharp rise in the price of food. Meanwhile, the growth rate for the first quarter of 2013 amounted to just 0.7 percent. This overall figure, however, masks the severity of the situation.¶ Venezuela’s financial sector, which continues to enjoy some of the highest profit rates in the world, saw a 31 percent growth during this period, while manufacturing declined by 3.6 percent and construction by 1.2 percent. The scarcity index, which tracks the amount of products missing from store shelves, has hit its highest level since the Central Bank began tracking these figures.¶ The accommodation between the Maduro government and Venezuelan capitalists, on the one hand, and Washington, on the other, has taken the political wind out of the sails of the rightist candidate Henrique Capriles, who has continued to charge electoral fraud and condemn Maduro as an illegitimate president. While the Obama administration has yet to formally recognize Maduro’s close election victory, it has turned a cold shoulder to demands for OAS sanctions against Venezuela. And Mendoza’s visit to Miraflores indicates that the billionaire accepts Maduro as legitimate.¶ Clearly, both domestic and foreign capital recognize that behind the left rhetoric and the limited social reforms of “Bolivarian Socialism,” Maduro’s government defends capitalism and they can do business with it. More fundamentally, continued agitation by the right wing and a further weakening of the government under conditions of deepening economic crisis and rising popular discontent poses the danger of provoking a social explosion in the working class.¶

### Venezuela say yes – economic relationship

#### Venezuela says yes to purely economic relationship - that’s what the plan facilitates

**Meacham 13** (Carl, director of the Americas Program at the Center for Strategic and International Studies (CSIS) in Washington, D.C. Pamela Pamelá, intern scholar with the Americas Program at CSIS, provided research assistance, “The Kerry-Jaua Meeting: Resetting U.S.-Venezuela Relations,” *Center for Strategic and International Studies*, 6/21/2013, <http://csis.org/publication/kerry-jaua-meeting-resetting-us-venezuela-relations>, 7/3/2013, SLiu)

Q2: Does the Venezuelan government want good relations? A2: Despite recent discussions with the United States, it doesn’t seem to be the case. Earlier this year, the Venezuelan government suspended talks between the U.S. State Department and Venezuelan Foreign Ministry that had begun in late 2012, citing alleged U.S. meddling in Venezuela’s April election. The Maduro government has also largely followed the Chávez playbook, constantly accusing the United States of assassination plots, spying, and economic and political sabotage. While the Kerry-Jaua meeting may have made for nice headlines, it’s difficult to imagine that the Venezuelan government will not play the anti-U.S. card again, if needed. This week, Calixto Ortega—appointed to handle matters with the United States—will meet with Assistant Secretary of State for Western Hemisphere Affairs Roberta Jacobson to continue discussions and establish a new set of concrete goals to guide the relationship forward. These good-faith gestures made by the Venezuelan government are neither new nor unheard of. Despite recent efforts, U.S. policymakers should temper any positive expectations, as a core basis of Chavismo is its anti-U.S. ideology. It’s of course difficult to improve relations with a government that consistently defines itself as vehemently against your foreign policy agenda. This suggests that Venezuela may be looking to reestablish a purely economic relationship—one that will eliminate U.S. sanctions. Still, even if certain positive steps are taken, history suggests that the Venezuelan government could quickly scuttle progress made, likely with the goal of Maduro shoring up support within his own ranks.

#### Economic and political pressures create fertile environment for change in relations

Fillingham, Managing Editor & Asia Analyst and MA in Chinese Studies from the School of Oriental and African Studies in London 2013

(Zachary, “Post-Chavez US-Venezuelan Relations: Headed for a Thaw?” 3/10/2013, <http://www.geopoliticalmonitor.com/post-chavez-us-venezuelan-relations-headed-for-a-thaw-4790/>, accessed tm 7/7)

¶ ¶ Current polls indicate that Maduro would triumph in the coming election, a scenario that does not bode well for a thaw in [US-Venezuelan relations](http://www.geopoliticalmonitor.com/venezuela-violence-and-politics-4490/). Maduro has dropped several indications that he plans to carry on his predecessor’s anti-American tone, notably by suggesting that the U.S. might be behind Chavez’s illness and by kicking out two U.S. military attaches under the accusation of “trying to destabilize Venezuelan politics.” But to take the inevitability of another United Socialist government as proof of a perpetual flatline in US-Venezuelan relations would be premature. It is a short-term consideration, and it’s only in the medium term that things will likely get interesting. First off, Maduro will have to grapple with the problem plaguing every political system that favors individual personality over rule of law. A vacuum has opened up at the very top of Venezuelan politics, and it remains to be seen whether Maduro has the charisma, and perhaps more importantly, the personal networks with which to fill it. The Chavez-era [Venezuelan state](http://www.geopoliticalmonitor.com/venezuela-violence-and-politics-4490/) was one that operated on a complex system of personal patronage that led all the way to the top; supporters were rewarded and detractors were marginalized. It remains to be seen whether this system will function smoothly with its head cut off. Political patronage goes hand in hand with Venezuela’s other pressing issue: an increasingly dysfunctional economy. Many Chavez-era policies could be described as political patronage on a mass scale, and while these policies did help Venezuela’s poor, they tended to be inefficient and short-sighted. For example, the Chavez government’s [adult literacy program cost](http://transitions.foreignpolicy.com/posts/2012/05/25/a_withering_verdict_on_venezuela_s_flagship_literacy_program) anywhere from $543 to $977 per adult learner. Compare that to Brazil’s program that uses pre-existing educational infrastructure to achieve a cost of $2.50 per learner. In Venezuela’s case, most of this money went into hiring adult literacy trainers, thus providing people with jobs- but only for as long as the government’s finances can hold out. And by all indications, Venezuela’s finances aren’t going to hold out for very long. The country is currently running a deficit of over 20 percent, and its national inflation rate fluctuates between 20 and 30 percent. Though it presides over one of the world’s largest oil reserves and is a card-carrying member of [OPEC](http://www.geopoliticalmonitor.com/venezuela-violence-and-politics-4490/), Venezuela’s oil yields have been dropping throughout the Chavez era due to a lack of foreign investment. The same is true of Venezuela’s food industry. A lack of foreign investment, inefficiency, and costly subsidies have stunted overall output, resulting in food shortages that are now showing themselves in the huge lineups spilling out of government food depots nationwide. A reoccurring theme of Chavez’s economic policy was a willful ignorance regarding the creation of infrastructure and social capital that could drive economic growth beyond the era of direct government handouts. Given the structural challenges that the [Venezuelan economy](http://www.geopoliticalmonitor.com/venezuela-violence-and-politics-4490/) now faces, challenges that will preclude the government’s ability to continue Chavez-era patronage ad infinitum, a Maduro government will inevitably be faced with an economic reckoning of sorts. In the aftermath of this economic reckoning, there will be an opportunity for both domestic opposition forces within Venezuela, and American foreign policy to make inroads.

#### Maduro’s pragmatism means opportunities for engagement

Shifter Adjunct Professor of Latin American Studies at Georgetown University's School of Foreign Service **20**13 --- (3/11/2013, Michael, “The Empire Makes Nice: Is it time for a Venezuela reset?” <http://www.foreignpolicy.com/articles/2013/03/11/the_empire_makes_nice_venezuela_hugo_chavez?page=0,1> accessed tm 7/7)

But it's far too early for the United States to give up hope on Maduro. Despite his reckless words in recent days, his ideologically hard-line views, and close relationship with Cuban leaders, Maduro's style contrasts sharply with Chávez's. Chávez was a military man, a former paratrooper who attempted a coup in 1992. Maduro was not only foreign minister and head of the National Assembly, but earlier in his career was a union official who negotiated deals. He will be tough rhetorically, but some give-and-take behind the scenes seems feasible -- a balancing act Washington will have to understand and deal with. Maduro will likely also confront more dire economic circumstances than Chávez ever did. Politically, he will not be able to afford to reject communication and some accommodation with the private sector.

#### Maduro attempting to decide path forward with oil revenues

**UPI 7/2/13**

http://www.upi.com/Business\_News/Energy-Resources/2013/07/02/

Petrocaribe-weighs-Venezuelas-post-Chavez-oil-diplomacy/UPI-16981372805072/ accessed TM 7/7

¶ The late Venezuelan President Hugo Chavez was known for lavishing gifts of cheap oil on neighbors sympathetic to either his populism or strident anti-American rhetoric.¶ ¶ With Chavez gone, many recipients of that largess are wondering if his successor, President Nicolas Maduro, will keep the aid, said to be worth millions of dollars, flowing.¶ ¶ Chavez died of cancer in March but his popular sway over Venezuela helped Maduro, the handpicked inheritor of Chavism, to win election.¶ ¶ Seen to be more pragmatic and less eloquent than his departed mentor, Maduro has wavered between bouts of Chavism and practical reforms as he battles an ill-concealed legacy of governmental neglect that has oil-rich Venezuela fighting to surface out of deep recession. It's a record matched only by crisis-ridden oil exporters of West Africa.

# Advantages –

# US Latin America Credibility

### Links – economic engagement key to American influence

#### US economic engagement with Venezuela is key to American influence in the Region

**Tampa Bay Times, 2013**

(“A Chance for US to Engage Venezuela”, March 7, accessed on 7/2/13, Times Publishing Company Newspaper, BT)

President Hugo Chavez used Venezuela's vast oil wealth to buy friends, bully adversaries and sustain a power base that was built on dividing the population and paralyzing them under a cult of personality. His death Tuesday at 58 after a long struggle with cancer leaves a vacuum and an opportunity for Venezuela to come to terms with the ruin Chavez brought to one of the most important players in the Western Hemisphere. The United States should **engage Venezuela** during this transition and seek to rebalance America's influence on a regional scale. Chavez was a big-talking socialist who managed to shift popular blame for Venezuela's poverty to the U.S. government, his country's own elite and the global economy. He used oil revenues to burnish his revolutionary image across Latin America. He shipped cheap oil to Cuba in exchange for face time with Fidel Castro, seeking to assume the role of America's chief nemesis. He received Cuban doctors and teachers in exchange, who worked on Chavez's antipoverty programs.But Chavez's autocratic style, harassment of the opposition and press, and nationalization of key industries reflected how he kept power by playing one group off another. A deeply polarized country gripped by soaring prices, slum housing, aging infrastructure and one of the highest rates of violent crime in the world now faces an election where the choice is between the shadow regime of a departed strongman and a revived but weakened opposition.The United States has too much at stake to stand idly by. Venezuela is the fourth-largest supplier of oil to America, and it has banked favors across the hemisphere for its leadership in creating a new sense of independence from Washington. Regional stability depends on the ability of a post-Chavez government to address inequality and basic domestic needs, rebuild a middle class and attract foreign investment.Florida has a special stake; more Venezuelan expatriates live in Miami-Dade County than anywhere else in the country. For Venezuela to make a fresh start, it needs to attract the talent and money that fled to Florida and elsewhere in recent years. The leadership change could also affect the pace of democratic reform in Cuba if the new Venezuelan government decides to divert those subsidies back home. The transition looks uncertain, and the United States lacks leverage. But this is a moment to lend an open ear and an open hand.

### Credibility Impacts (you could also use relations impacts)

#### Latin American relations key to solve proliferation, climate change, and insure economic growth. Only engagement solves.

Zedillo, et al Commission Co-Chair for the Brookings Institute Report on the Partnership for the Americas and former President of Mexico 08

(Ernesto Zedillo, Thomas R. Pickering, etc, Rethinking U.S.–Latin American Relations A Hemispheric Partnership for a Turbulent World. Report of the Partnership for the Americas Commission, The Brookings Institution, November 2008, <http://www.brookings.edu/~/media/Research/Files/Reports/2008/11/24%20latin%20america%20partnership/1124_latin_america_partnership.PDF> accessed tm 7/8)

The Need for a Hemispheric Partnership

Historically, the United States and Latin America have rarely developed a genuine and sustained partnership to address regional—let alone global—challenges. Mutual distrust is partly to blame. Also, the LAC countries were often not ready to make stable commitments. The United States had other preoccupations and did not make hemispheric partnership a priority. Problems and solutions were seen from Washington as country-specific and were managed mostly on a country-bycountry basis through bilateral channels. Meanwhile, multilateral forums—such as the Organization of American States and the summits of hemispheric leaders—ran out of steam, became mired in confrontation, or remained underresourced.¶ If a hemispheric partnership remains elusive, the costs to the United States and its neighbors will be high, in terms of both growing risks and missed opportunities. Without a partnership, the risk that criminal networks pose to the region’s people and institutions will continue to grow. Peaceful nuclear technology may be adopted more widely, but without proper safeguards, **the risks of nuclear proliferation will increase.** Adaptation to climate change will take place through isolated, improvised measures by individual countries, rather than through more effective efforts based on mutual learning and coordination. Illegal immigration to the United States will continue unabated and unregulated, adding to an ever-larger underclass that lives and works at the margins of the law. Finally, the countries around the hemisphere, including the United States, will lose valuable opportunities to tap new markets, make new investments, and access valuable resources.¶ It is important to note at the outset that the term “partnership” as used in this report does not mean equal responsibility for all. The asymmetries between the United States and its neighbors are large and will remain so for the foreseeable future. Partnership here means a type of international cooperation whereby a group of countries identifies common interests, objectives, and solutions, and then each partner country undertakes responsibilities according to its own economic and political capacities to generate shared benefits.¶ Today, four changes in the region have made a hemispheric partnership both possible and **necessary.** First, the key challenges faced by the United States and the hemisphere’s other countries— such as securing sustainable energy supplies, combating and adapting to climate change, and combating organized crime and drug trafficking—have become so complex and deeply transnational that they cannot be managed or overcome by any single country. Washington needs partners in the LAC region with a shared sense of responsibility and a common stake in the future.¶ For example, drug trafficking and its associated criminal networks have now spread so widely across the hemisphere that they can no longer be regarded as a “U.S. problem,” a “Colombian problem,” or a “Mexican problem.” The threat posed by these networks can **only be countered through coordinated efforts** across producing, consuming, and transshipment countries, all of which have a shared interest in controlling the flow of arms, money, vehicles, and drugs. The process of **combating and adapting to climate change** also exemplifies the need for a hemispheric partnership. All carbon-emitting societies contribute to the problem to different degrees, and all will experience its consequences. The solutions—ranging from developing alternative fuels to adapting to ecological shocks—all require sustained cooperation among the hemisphere’s countries.¶ The second change is that the LAC countries are diversifying their international economic relations. Their range of trading and investment partners is expanding, with China in particular playing a prominent role in the region. Chinese imports from the LAC countries increased twentyfold between 1990 and 2005, while Chinese exports to the region grew even faster, from $620 million in 1990 to $37 billion in 2005. Latin America is also attracting significant foreign investment from nontraditional sources. Between just 2003 and 2005, the stock of Chinese foreign direct investment in the LAC region increased by 40 percent. China has become a key buyer of commodities, driving up prices and reversing the long-term decline in the region’s terms of trade. Meanwhile, the Caribbean countries have recently signed an Economic Partnership Agreement with the European Union, immediately opening all European markets and gradually opening Caribbean ones. With more valuable exports and less expensive manufactured imports, living standards in the LAC region have improved significantly.¶ At the same time, many LAC countries have moved beyond their traditional reliance on resources from the International Monetary Fund, the World Bank, and the Inter-American Development Bank. Chile, Mexico, Peru, and Brazil now enjoy investment-grade status from credit-rating agencies and in recent years have been able to raise capital readily in international markets. The same is true of several other countries, including Colombia, El Salvador, Panama, and Uruguay, which until the recent financial crisis enjoyed ready access to private international capital. Regionally owned institutions, such as the Andean Development Corporation and the Central American Bank for Economic Integration, have also reduced the region’s dependence on traditional sources of capital.¶ Some Latin American countries are investing abroad on an unprecedented scale. In 2006, for example, Brazil invested more abroad ($28 billion) than it received in foreign direct investment ($19 billion). In Chile, private pension funds and the government have become active international investors. Surpluses have allowed Venezuela to inject billions of dollars into other countries, particularly through subsidized oil exports. Many Latin American multinationals—such as Brazil’s Vale, Gerdau, and Odebrecht; and Mexico’s CEMEX, America Movil, and Grupo FEMSA—have become global corporate giants. The current crisis may no doubt affect the relative magnitude of these investments, but economic relationships in the hemisphere will continue to diversify as the world economy recovers.¶ The third change is that the LAC countries are diversifying their political and diplomatic relations. The most notable example is Brazil, which has opened thirty-two new embassies in the past five years. Together with Venezuela, Brazil is playing a more active political role in the region through the Union of South American Nations, which is already active at the presidential level and is expected to become a key forum for the discussion of defense issues. Mexico and Brazil are also playing prominent roles in international forums and organizations, including the finance ministers’ Group of Twenty and the trade ministers’ Group of Twenty. Brazil has announced its intention to join the Organization of the Petroleum-Exporting Countries and the Paris Club. Chile and Brazil are expected to become members of the Organization for Economic Cooperation and Development (OECD) in the not-too-distant future. Mexico, Peru, and Chile are active members of the Asia-Pacific Economic Cooperation forum. In sum, this diversification of political and economic relations reflects many LAC countries’ new confidence in their capacity to chart their own course in the world.¶ Their enhanced confidence and autonomy will make many LAC countries much less responsive to U.S. policies that are perceived as patronizing, intrusive, or prescriptive, and they will be more responsive to policies that engage them as partners on issues of mutual concern. Also, the LAC countries’ diversification of economic and political relations means that Washington will have to compete with governments both outside and within the region for regional influence. In particular, Brasília and Caracas are both vying for leadership in South America; and though they may have different visions for regional integration and different ways to approach other governments, they agree that Washington should play a more limited role in their part of the world.¶ The fourth change is that, today, the LAC countries are better positioned to act as reliable partners. Despite remaining governance challenges, the vast majority of these countries are stable democracies for which competitive elections and peaceful transitions of power are the norm, not the exception. Throughout these countries, civil society groups now participate extensively in the policymaking process, and there is much less tolerance of violence as a means of political expression.¶ Economic progress has also made the LAC countries more reliable partners. Leaders, including some on the left, are committed to fiscal responsibility. Most central banks are now independent bodies focused on inflation control. Exchange rates largely reflect market forces. As a result, many LAC countries can now look beyond their borders and commit to sustained partnerships and responsibilities on regional and global issues.¶ In sum, the countries of the LAC region have made significant strides in economic and social development and will continue to prosper even if U.S. leaders remain disengaged. Washington must decide whether it wants to actively reengage and benefit from the region’s dynamism and resources or be sidelined as other economic and political actors fill the void left by its absence.

# Oil Production Capacity Advantage

## Uniqueness

### U – Venezuela production on decline – general

#### Venezuela oil production low now

**Sullivan, Specialist in Latin American Affairs 2013**

Mark P. “Venezuela: Issues for Congress” CRS Report January 10, <http://www.fas.org/sgp/crs/row/R40938.pdf> accessed tm 7/2

According to the EIA, Venezuela’s total oil production has been falling in recent years and was estimated at around 2.36 million barrels per day (mbd) in 2010, with crude oil accounting for 2.09 mbd. This compares to total oil production of 2.47 mbd in 2009 and 2.64 mbd in 2008. The decline in production, according to EIA, stems from natural decline at older fields, maintenance issues, and compliance with OPEC production cuts.115 Total oil production in 2011, however, is estimated to have increased to 2.47 mbd, with crude oil accounting for 2.24 mbd.

### U – Venezuela production on decline – production capacity

#### Venezuelan exports to US falling – decreased production capacity

**EIA, 2013**

(<http://www.eia.gov/todayinenergy/detail.cfm?id=9651> accessed tm 7/3)

Although Venezuela remains an important source of crude for the United States, the volume of oil that the United States imports from Venezuela has declined over the past 15 years in conjunction with a more general decline in Venezuelan oil production. U.S. imports of Venezuelan crude oil have fallen considerably since they peaked on an annual basis at 1.4 million bbl/d in 1997, when Venezuela was the largest supplier of foreign oil to the United States. Preliminary data for 2012 show that U.S. imports of Venezuelan crude averaged 879,000 bbl/d through October, or 5.8% of total U.S. crude oil supply.

#### Oil production low – Venezuelan government policies

Reuters, 2013

“Venezuela's non-oil exports hit lowest level since 2009”, Thomson Reuters, June 20, 2013, Reuters, <http://www.reuters.com/article/2013/06/20/venezuela-economy-idUSL2N0EW1XO20130620>, 7/3/13, JG

For decades, successive governments have decried the OPEC nation's over-dependence on oil - but done little to put into practice the grandiose words about diversifying the economy.¶ The latest data from the state statistics body showed non-oil exports fell to $145 million in March of this year, 37 percent lower than during the same month in 2012.¶ The only time monthly exports have been below that, since statistics were compiled in 1997, was $144 million in 2009.¶ The figure made further grim reading for Maduro, who won election in April to replace the late socialist leader Hugo Chavez after his death from cancer.¶ Growth slowed to 0.7 percent in the first quarter, inflation hit a 17-year high of more than 6 percent in May, and the local bolivar currency is fetching five times more on the black market than at the official rate of 6.3 to the dollar.¶ Venezuela's oil exports ensure a surplus in its balance of payments, but sales abroad of other products have been slipping since 2005. Last year's relatively paltry $3.8 billion of non-oil exports compared with $97.3 billion in oil sales, according to the Central Bank.¶ Local businesses blame various factors, from problems accessing foreign currency to delays at customs.¶ Maduro, who knows that his political fortunes could hinge on the economy improving, has met various business representatives in recent weeks to try and unblock problems.¶ Critics say a decade of currency controls and waves of nationalizations under Chavez's socialism has pulverized local production.

### U – Venezuela production on decline – demand for Venezuelan oil

#### Lack of export demand decreasing oil revenues – alternative suppliers

**Ladislaw and Verrastro, CSIS Energy, 2013**

(Sarah and Frank, “Post-Chavez Outlook for Venezuelan Oil Production” March 6 2013 <http://csis.org/publication/post-chavez-outlook-venezuelan-oil-production> accessed tm 7/3)

The sustained political uncertainty has also slowed investment; Russian and Indian companies were planning to invest in Venezuela's oil fields but so far have withheld incremental new money. China has not announced a new line of credit or extensions on its development-linked financing since last April. At the same time that production is dropping, highly subsidized domestic consumption of oil is increasing while revenue from exports is also declining. The United States remains the largest recipient of Venezuelan oil exports at [950,000 barrels per day in 2011, roughly 40 percent, plus another 185,000 barrels per day from the Caribbean that was Venezuelan sourced](http://www.eia.gov/todayinenergy/detail.cfm?id=9651) [3] but those volumes area down as U.S. demand has declined and other crudes have become available. [Venezuela's next largest export destinations are the Caribbean (31 percent) and then China (around 10 percent)](http://www.eia.gov/todayinenergy/detail.cfm?id=9651) [3]. Venezuela sells to many of its Caribbean neighbors at below market rates due to extremely preferential financing relationships, including additional heavy subsidies for Cuban exports. All of this culminates in an outlook for continued decline in oil production and a worsening economic outlook for Venezuela during a politically difficult time.

### U - Venezuela exports to US now

#### Venezuela provides US oil – 4th largest importer

**Sullivan, Specialist in Latin American Affairs, 2013**

Mark P., “Hugo Chávez’s Death: Implications for

Venezuela and U.S. Relations” Congressional Research Service Report, April 9, <http://www.fas.org/sgp/crs/row/R42989.pdf> accessed tm 7/1/13

Tensions that characterized U.S. relations with the Chávez government turned especially sour in the aftermath of President Chávez’s brief ouster from power in April 2002. Venezuela allegedU.S. involvement in the ouster, while U.S. officials repeatedly rejected charges that the United¶ States was involved. After Chávez’s ouster, while most Latin American nations were condemning his overthrow, the United States maintained that undemocratic actions committed or encouraged by the Chávez administration had provoked the political crisis. This set the stage for continued deterioration in U.S.-Venezuelan relations. Despite this deterioration, Venezuela has remained an important supplier of foreign oil to the United States. Currently, it is the fourth largest foreign supplier, providing about 10% of U.S. crude oil imports.

### U-increase exports to China

#### Venezuela increasing exports to China

**Sullivan, Specialist in Latin American Affairs 2013**

Mark P. “Venezuela: Issues for Congress” CRS Report January 10, <http://www.fas.org/sgp/crs/row/R40938.pdf> accessed tm 7/2

Since Venezuela is a major supplier of foreign oil to the United States, providing 9.7% of U.S. crude oil imports in 2011 (and 8.3% of total crude oil and petroleum products imports), a key U.S. interest has been ensuring the continued flow of oil exports. Venezuela was the fourth-largest foreign supplier of crude oil and products to the United States in 2011 (after Canada, Mexico, and Saudi Arabia), exporting 944,000 barrels per day to the United States.109 Venezuela’s oil exports to the United States amounted to about $42 billion in 2011, accounting for 97% of Venezuela’s total exports to the United States.110 According to the U.S. Energy Information Administration (EIA), Venezuela sends a large share of its crude oil exports to the United States, about 43% in 2010. Venezuela’s state-run oil company, PdVSA, owns CITGO, which operates three crude oil refineries and a network of some 14,000 retail gasoline stations in the United States. Venezuela, according to EAI, is attempting to diversify its export destinations away from the United States. One of the fastest growing destinations for Venezuelan crude oil exports has been China, which imported almost 126,000 barrels per day, about 6% of Venezuela’s crude oil in 2010.111

### AT Venezuela getting help now/exporting now

#### Venezuela sells oil under market value – exchange system and PR

**Gue, energy advisor, 2013** (Elliott, “Venezuela Oil production” Energy and income advisor March 21 <https://www.energyandincomeadvisor.com/venezuelan-oil-production-no-overnight-recovery/> 7/3 TM)

At the same time, Venezuela’s oil consumption has surged to well over 800,000 barrels per day in 2012 from an average of about 560,000 barrels per day in 1998-99. Much of this increase reflects generous subsidies that have limited the domestic price of gasoline to between USD0.04 and USD0.10 per gallon.¶ To worsen matters, the nation transfers a large portion of its hydrocarbon production to other nations as part of special arrangements that generate minimal cash proceeds. For example, Venezuela sends about 100,000 barrels of oil per day to Cuba in exchange for medical services for Venezuela’s poor. Cuba has even sold discounted heating oil to parts of the US in recent years as part of a public relations ploy–you may recall the [television spots](http://www.youtube.com/watch?v=KNE0os3f3VY) featuring Joseph Kennedy that advertised this program. Analysts from **Morgan Stanley** (NYSE: MS) estimate that an astounding 43 percent of Venezuela’s total oil exports aren’t sold at market-based prices.

#### Venezuela can’t even pay the bills for the international help that they are getting

**Gue, energy advisor, 2013** (Elliott, “Venezuela Oil production” Energy and income advisor March 21 <https://www.energyandincomeadvisor.com/venezuelan-oil-production-no-overnight-recovery/> 7/3 TM)

Recent developments also suggest that PDSVA is strapped for cash. Although the government’s nationalization of its oil resources has deterred foreign investment, PDSVA has relied on international oil-field services firms to help the nation exploit its vast resource base. In a [conference call](http://seekingalpha.com/article/1120451-schlumberger-limited-management-discusses-q4-2012-results-earnings-call-transcript) to discuss **Schlumberger’s** (NYSE: SLB) fourth-quarter results, CEO Paal Kibsgaard noted that PDSVA had delayed payment on some of its bills:¶ In Venezuela, we have in recent years actively managed our activity levels relative to our receivables balance. During the fourth quarter we saw a significant slowdown in the rates of payment, and we are currently working closely with our customer to resolve the situation.¶ Massive government spending on social programs and yet another currency devaluation–the seventh since Chavez took office–have pushed the inflation rate in Venezuela to 22.8 percent.

### AT Chevron loan solves in SQ

#### Chevron loan to PDSVA proves its on the brink of insolvency – need cash for production capacity

**Cárdenas** served in several foreign policy positions during the George W. Bush administration (2004-2009), including on the National Security Council staff. He is a consultant with Vision Americas in Washington, DC, **2013**

José R, “US Companies to Chavismo’s rescue” What’s next Venezuela? <https://www.whatsnextvenezuela.com/news/u-s-companies-to-chavismos-rescue/> accessed tm 7/4)

News that oil giant Chevron is lending $2 billion to the bankrupt regime in Venezuela has raised eyebrows in both Washington and Caracas. Red flags went up after the parties to the loan issued conflicting cover stories about its intended purpose. Venezuelan Oil Minister Rafael Ramirez announced that it would be used “to boost production” at the government’s joint venture with Chevron, Petroboscan, in western Venezuela (a line echoed by Chevron’s head of Latin America operations, Ali Moshiri). However, Chevron CEO John Watson told Spain’s ABC that the loan was instead “designed to facilitate the repatriation of funds and facilitate further operational activity in the Boscan field.”

According to sources in the oil industry, the loan was likely meant to merely maintain operations at the Boscan field and partly to repay PDVSA’s debt to Chevron resulting from non-payment of proceeds from the joint venture. Indeed, one expert shot down Ramirez’s rosy scenario of increasing production by telling ABC that would require an infusion of at least $8 billion.

Why does this shell game matter? We know that PDVSA has been bled dry by the late Hugo Chávez and now by his successor Nicolas Maduro, who have siphoned off its revenues to finance massive domestic programs. Reinvestment in maintenance and oil production has been neglected, which has led to declining output, a shortage of cash, and a failure to repay some $16.5 billion in debts to oil partners. In other words, this story matters if it means a U.S. company is helping to mask PDVSA’s insolvency.

Chevron is already the only U.S. major oil company to remain in Venezuela after Chávez tore up existing contracts with oil companies to give his government majority control of oil projects. Chevron’s shareholders have a right to know just what risks the company is taking by lending money to a regime widely recognized for its corruption and mismanagement – not to mention its swelling debt. The Venezuelan people, meanwhile, also have a right to know just what their government is committing to in terms of repayment of the loan.

## Links

### Links – US economic sanctions hurt Venezuelan Oil industry

#### US economic restrictions hurt oil production in Venezuela

**Mares 2012** (Institute of the Americas Chair for InterAmerican Affairs, University of California, San Diego Prepared for the Council on Foreign Relations Workshop on Oil Trade and International Relations. January 20, 2012, “Case Studies: United States-Venezuela,” SP)

Nature of the oil-specific trade relationship Geographic proximity of the US and limited demand in neighboring countries makes the US market the logical destination for Venezuelan crude and refined products (heating oil, residual fuel oil, specialty lubricants, and gasoline if one distinguishes CITGO’s production). As Venezuelan reserves of light crude diminished and heavy and extra heavy oil became an important feature of its supplies, US refineries adjusted to process it, linking Venezuela more tightly to the US market. As the world moves towards more heavy oil use, however, the attraction of Venezuelan oil in other markets will broaden, politics aside. US government has restricted oil imports in the past (via tariffs 1932-35 and import controls 1959-1970) and Venezuela has suffered along with other exporters to the US. Today, the oil trade is down. Venezuelan exports have declined as a result of government policies that dissuade investment in exploration and production, limit foreign participation and undermine PDVSA’s This memo is solely the responsibility of its author and is not a Council on Foreign Relations publication. (the national oil company) ability to be an effective oil company. In addition, Chávez’ intends to diversify the markets for Venezuelan crude, especially to China. Nevertheless, the asymmetry of the relationship continues, with just under half of Venezuelan crude exports going to the US market, but Venezuelan supplies accounting for only 8% of US imports.

### Links – expand refining capacity

#### Venezuela and US refinery capabilities match – need expansion

**EIA, 2013**

(<http://www.eia.gov/todayinenergy/detail.cfm?id=9651> accessed tm 7/3)

Venezuela and the United States (the U.S. Gulf Coast in particular) are naturally attractive oil-trading partners because of their geographic proximity and a lack of [transit chokepoints](http://www.eia.gov/countries/regions-topics2.cfm?fips=WOTC&trk=c) between them. Furthermore, the robust trade in crude oil from Venezuela to the United States is due to the compatibility between the configuration of some U.S. refineries and the [quality characteristics](http://www.eia.gov/todayinenergy/detail.cfm?id=7110) of Venezuelan crude, which is predominately sour (high sulfur content) and medium or heavy (lower degrees of [API gravity](http://www.eia.gov/tools/glossary/index.cfm?id=A#API_grav), meaning it has a higher density). The U.S. Gulf Coast has a concentration of sophisticated refineries (including some wholly or partially owned by Citgo Petroleum Corp., a subsidiary of the Venezuelan national oil company) that can efficiently access and process Venezuelan oil. This partially explains why more than 95% of Venezuelan crude oil exports to the United States are directed to the U.S. Gulf Coast ([PADD 3](http://www.eia.gov/todayinenergy/detail.cfm?id=4890&src=email)). Other significant export markets for Venezuelan crude include India, China, and various countries in Central America and the Caribbean, including some that receive oil through the preferential terms of the [Petrocaribe initiative](http://news.bbc.co.uk/2/hi/americas/4636067.stm). EIA estimated that in 2011 Venezuela's total crude oil exports were 1.7 million bbl/d.

#### Venezuela dependent on US for refining oil

**Helios Global 2013**

(“Change in Venezuela Yields Political and Economic Uncertainty,” Fair Observer, 6-4-13, 7-2-13, <http://www.fairobserver.com/article/change-venezuela-yields-political-and-economic-uncertainty)//KC>

Despite a contentious bilateral relationship, Venezuela remains the fourth-largest supplier of imported oil to the United States. Given the peculiarities of its oil, namely, the category of relatively low quality heavy crude oil that represents the bulk of its oil capacity, Venezuela relies heavily on US refineries located in the Gulf of Mexico that were designed to refine oil from Venezuela (and Mexico). Roughly 40 percent of Venezuela’s oil exports are delivered to the United States. Consequently, the United States is Venezuela’s top trade partner. This is the case even as US imports of Venezuelan oil have steadily declined in recent years. In 1997, the United States imported about 1.7 million barrels of oil per day (bpd) from Venezuela. In contrast, only about one million bpd of Venezuelan oil makes its way to the United States today. Venezuela also boasts major natural gas reserves, possibly the second-largest natural gas reserves in the Western Hemisphere. At the same time, Venezuela’s oil production capacity continues to deteriorate due to mismanagement, corruption, and antiquated infrastructure.

#### Private oil investment helps ailing sector

Campbell, 2013 (Darren, “A new leader could signal change for Venezuela’s troubled oil and gas sector; If Nicolas Maduro can reverse the industry's decline, it could siphon off investment in Alberta's oil sands,” 4/16/2013, http://www.albertaoilmagazine.com/2013/04/a-new-leader-could-signal-change-for-venenzuelas-oil-and-gas-sector/, accessed tm 7/8

Maduro was Chavez’s hand-picked successor, and knowing that, Tissot says no one should expect a drastic reversal of policies – or a drastic turnaround in the industry’s fortunes.

However, the status quo can’t continue, either. Maduro needs oil and gas revenue to fund the country’s social programs and keep the country from falling into chaos. A better run, more free market-leaning oil and gas industry will help Maduro accomplish this and keep him in power longer.

Therefore, Tissot thinks Maduro has little choice but to shake things up when it comes to oil and gas matters.

“One could expect a government more accessible to foreign investments, and foreign investors concerns (rule of law, security of payments, stability of contracts.) Although it is too early to say, one should expect the Venezuelan oil sectors – after years of stagnation and mismanagement – to perhaps start showing some signs of life again,” he wrote in an email exchange. “How soon and how deep is something that will depend on how Mr. Maduro’s administration performs.

### Links – expand production capacity

#### Venezuela’s oil reserves eclipse even Saudi’s supplies – but lack of capital investment means even current production levels are unsustainable

**Gue, energy advisor, 2013** (Elliott, “Venezuela Oil production” Energy and income advisor March 21 <https://www.energyandincomeadvisor.com/venezuelan-oil-production-no-overnight-recovery/> 7/3 TM)

According to the **BP’s** (LSE: BP, NYSE: BP) most recent [*Statistical Review of World Energy*](http://www.bp.com/sectionbodycopy.do?categoryId=7500&contentId=7068481), Venezuela’s oil reserves stood at 296.5 billion barrels at the end of 2011–the largest in the world, eclipsing Saudi Arabia’s 265 billion barrels.¶ But unlike Saudi Arabia, heavy oil accounts for much of Venezuela’s resource wealth. Exploiting these complex deposits requires significant investments in infrastructure and the technical expertise of major international oil companies and services firms. Industry observers estimate that maintaining production from Venezuela’s Orinoco Belt and other fields would require annual capital expenditures of between USD3 and USD5 billion.¶ But Chavez’s plethora of social programs robbed PDSVA of the necessary capital to fund ongoing development of the nation’s considerable hydrocarbon resources.

#### Business investment environment undercut investment incentives and stripped country of needed expertise for production development

**Gue, energy advisor, 2013** (Elliott, “Venezuela Oil production” Energy and income advisor March 21 <https://www.energyandincomeadvisor.com/venezuelan-oil-production-no-overnight-recovery/> 7/3 TM)

Under Chavez, the Venezuelan government has always had a vexed relationship with the energy industry.¶ When PDVSA workers went on strike in late 2002, the country endured a severe economic downturn and the unemployment rate skyrocketed to more than 20 percent. The state responded by firing 18,000 PDVSA workers, including many of its most talented and experienced engineers and employees.¶ In 2006 and 2007, Venezuela moved to nationalize exploration and production, seizing assets held by foreign companies such as **ExxonMobil Corp** (NYSE: XOM) and Italian energy giant **Eni** (Milan: ENI, NYSE: E). Although **Chevron Corp** (NYSE: CVX) and a handful of other oil and gas companies opted to renegotiate their agreements with PDSVA and continue to operate in Venezuela, the state’s increasingly heavy-handed moves have discouraged foreign investment in the domestic energy industry.¶ Against this backdrop, it’s no surprise that Venezuela’s oil production has declined steadily since Chavez became president in 1999.

#### Venezuelan production capacity eroding – need to forge new path

**Lavelle, 2013**

(Marianne, <http://news.nationalgeographic.com/news/energy/2013/03/130306-hugo-chavez-venezuela-oil/> March 6 2013 accessed tm 7/3)

In the economic isolation that Chavez imposed, development of the nation's vast oil reserves languished, most outside observers agree. Venezuela's oil production has declined 25 percent since 2001. [Crude exports](http://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=MTTIMUSVE2&f=M) to Venezuela's long-time chief customer, the United States, have fallen roughly to the level seen before Chavez took office. Indeed, after a deadly explosion last year in its main refinery, Venezuela was forced to rely on gasoline imports from the United States to keep its economy moving. (See related: "[Venezuelan Refinery Under Scrutiny After Deadly Blaze](http://news.nationalgeographic.com/news/energy/2012/08/pictures/120830-venezuela-refinery-fire-pictures/).") Now, in addition to electing a new leader, Venezuela must choose a path for managing its immense resources—either staying the course that Chavez plotted in support of his "Bolivarian revolution," or attempting to forge a future that better realizes the value of its natural treasure.

#### Venezuela needs increased production tech to get Orinoco oil out of the ground –

**Lavelle, 2013**

(Marianne, <http://news.nationalgeographic.com/news/energy/2013/03/130306-hugo-chavez-venezuela-oil/> March 6 2013 accessed tm 7/3)

Meanwhile, advances in technology had made it possible to extract heavy oil mixed in sandstone, like the vast reserves in Venezuela's Orinoco belt, in the basin of one of the longest rivers in South America. In 2010, in a review of Venezuela's stores based on the current state of technology, the U.S. Geological Survey concluded that, based on the state of technology at the time, Orinoco held [the largest accumulation of oil](http://www.usgs.gov/newsroom/article.asp?ID=2386#.UTdYFhzU_oI) it had ever assessed. One widely followed global review of resources, BP's, put Venezuela ahead of Saudi Arabia as [the nation with the largest stores of oil](http://www.bloomberg.com/news/2012-06-13/venezuela-overtakes-saudis-for-largest-oil-reserves-bp-says-1-.html). Others said Venezuela was in a close second place.¶ But much like the tar sands of Alberta, Canada, the heavy oil of the Orinoco belt requires specialized production and refining processes. Canada's tar sands oil production has skyrocketed over the past decade thanks to application of the new technologies, but Venezuela's heavy oil development has stagnated. The state-run oil company, Petroleos de Venezuela (PdVSA), had made an effort to attract foreign investment and the technical expertise of the large multinational oil companies before Chavez took office, but those efforts were halted. In 2002, nearly half of PdVSA's employees walked off the job in protest against Chavez's management of the company's operations; Chavez responded by firing 18,000 and consolidating control.¶ In 2006 and 2007, Chavez fully nationalized oil exploration and production, forcibly seizing assets of Exxon Mobil, France's Total and Italy's Eni. Last year, [Venezuela said it paid Exxon $250 million](http://www.bloomberg.com/news/2012-02-15/pdvsa-says-it-paid-exxon-compensation-for-seized-assets.html) to settle Exxon's legal claims over the seizure; the company originally had sought to freeze $12 billion in PdVSA assets as compensation.

#### Production key to new revenues – necessary to keep up with new sources like US fracking

**Nagel, Foreign Policy 2013**

(Juan, May 16 2013 “Is Venezuela becoming a Failed state” <http://transitions.foreignpolicy.com/posts/2013/05/16/is_venezuela_becoming_a_failed_state> accessed tm 7/7)

Being an oil producer, Venezuela can earn money in two ways: by sustaining high prices, or by increasing production. (Obviously, if it can do both things, it has hit the jackpot). Fracking threatens the first, and the country has seriously failed on the latter. ¶ Venezuela produces less oil now than it did in 1999, the year Hugo Chávez first came to power. Worryingly, the IEA sees [few prospects](http://www2.petroguia.com.ve/pub/?q=node/1803" \t "_blank) for increased production. For example, in spite of [increasing](http://settysoutham.wordpress.com/2012/04/17/pdvsa-investment-surged-in-2011-missed-goal-and-other-annual-report-stuff/" \t "_blank) investment to $22 billion last year, Venezuelan production barely budged. State oil giant PDVSA vows to increase production by 3 million barrels per day in the next six years, but the IEA believes that a combination of the company's inefficiency and its heavy debt burden means the increase will actually be a tenth of that amount. ¶ Two other developments conspire against the future viability of Venezuela's oil industry. The country is increasing sales of [crude oil to China](http://lta.reuters.com/article/domesticNews/idLTASIE94E05T20130515?sp=true" \t "_blank), as part of a geo-strategic move the Chávez administration embarked on many years ago. The problem is that the oil being shipped [has already been paid for](http://www.reuters.com/article/2012/09/26/us-venezuela-chavez-fund-idUSBRE88P0N020120926" \t "_blank), and the government has also [already spent the money](http://latitude.blogs.nytimes.com/2012/10/09/mourning-chavezs-reelection-as-venezuelas-president/" \t "_blank). ¶ The other issue is Venezuela's creaking refining infrastructure. Last year, following [several accidents](http://news.nationalgeographic.com/news/energy/2012/08/pictures/120830-venezuela-refinery-fire-pictures/" \t "_blank) at its refineries, Venezuela became a [net importer](http://lta.reuters.com/article/topNews/idLTASIE94D01X20130514" \t "_blank) of gasoline and other refined products. In the last part of the year alone, PDVSA bought refined products for $1.5 billion, only to turn around and give it away for practically nothing, thanks to the heavy subsidies that characterize its internal market. ¶

#### Tech and capital key to development of hard to reach reserves

**Dallas Morning News 2013** (March 7 http://www.dallasnews.com/business/energy/20130306-crumbling-venezuelan-oil-sector-expected-to-remain-hostile-to-u.s.-investment.ece)

Venezuela has more oil reserves than any other country thanks to massive deposits of asphalt-like crude in what’s called the Orinoco oil belt. Development of these deposits is both technology- and capital-intensive. ¶ Chávez’s push for more national control over the oil sector in 2007 led Exxon Mobil Corp. and ConocoPhillips Co. to abandon big Orinoco projects. Other international companies stayed, including firms from Russia, China and Vietnam, and the Orinoco now accounts for about 20 percent of Venezuela’s oil production.¶ Mark McNabb, director of the Emerging Markets Research Center at UTD’s Naveen Jindal School of Management, said in a phone interview that he expects U.S. firms will remain on the outside looking in.¶ “We’re kind of frozen out for the next three to five years,” he said.¶ Venezuela’s oil sector has been in decline for a decade. In 2002, PDVSA employees went on strike and joined in an anti-Chávez movement that briefly ousted the president. When he regained power, Chávez fired many of his opponents in the firm and installed thousands of supporters.

#### Venezuela relies on US refineries – making them subject to pressure from the US

**Duddy, Visiting Senior Lecturer, Duke University, 2013**

(Patrick D “Political Unrest in Venezuela” -Contingency Planning Memorandum No. 16 <http://www.cfr.org/venezuela/political-unrest-venezuela/p28936> accessed tm 7/3)

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The United States is now less vulnerable to a cut off of supply from Venezuela as U.S. domestic production has risen and imports from elsewhere could relatively quickly replace Venezuelan oil. Venezuela's economy, on the other hand, has become more dependent on petroleum. Although production has stagnated since 2003, oil accounts for over 95 percent of Venezuela's export earnings, and export revenue pays for nearly 50 percent of the government's budget. Thus, although Venezuela is vulnerable to pressure via its dependence on its oil exports generally and the U.S. market and refineries specifically, global markets would likely react negatively to either an interruption of Venezuelan production or a crisis in U.S.-Venezuelan relations that threatens the bilateral trade in oil.¶

#### Venezuela Oil lagging – infrastructure limitations

**Odonnel**, Writer for China Daily Mail with Expertise in particular OPEC, **2013**, Tom, “China: Iraq oil production booming, Venezuela lagging”, June 11, 2013, http://chinadailymail.com/2013/06/11/china-iraq-oil-production-booming-venezuela-lagging/, 7/3/13, JG

There is no reason to think that the goals and motivations of Chinese companies and the Chinese state in Iraq are significantly different from those it has vis-a-vis Venezuela. So, why else might Chinese companies show significant production growth in, of all places, Iraq but not in Venezuela? ¶ One may be as simple as infrastructure-in-place in Iraq that is not in place in the remote Venezuelan Faja. Iraq, even with the devastation of the US invasion and war, has infrastructure it could restore.¶ So too, Iraqi contracts have been bid on in competitive rounds. However, in Venezuela, under Hugo Chavez, while there was a Faja bidding round, a process of parallel, bi-lateral negotiations has also been ongoing, where negotiations for Chinese and others generally drag on interminably and non-transparently.¶ So, perhaps the explanation for China’s Venezuelan-production decline while China’s Iraq production has increased is not so much Venezuela’s resource-nationalistic high state-take as much as differences in the way PDVSA projects are mismanaged and investments tend not to find their way to projects, as well as due to infrastructure limitations and (understandable) limitations on large-scale importation of Chinese workers.

#### Venezuela oil industry needs influx – key to expand Venezuelan economy

**Peaple 13** (Andrew, writer for Heard on the Street in Europe, covering energy and mining, commodities and auto companies, as well as corporate governance issues and Eastern Europe. He previously for the Heard column from Beijing from 2008 to 2010; prior to that he covered the U.K. economy for Dow Jones Newswires, “Chavez Death Could Open Up Venezuela Oil,” *Wall Street Journal*, 3/7/2013, ProQuest, 7/1/2013, SLiu)

The death of Hugo Chavez may have plunged Venezuela into political uncertainty. But oil markets are calm so far. Both the benchmark WTI and Brent crude prices were stable. Investors expect near-term continuity of policy in a country that accounts for 2.8% of global oil supply. Deputy President Nicolas Maduro is the favorite to succeed him. The longer-term pressure for Venezuela is to arrest the decline of its key industry, potentially providing opportunities for oil majors. Mr. Chavez's 14 years running Venezuela have been punishing for the oil industry. Despite having 18% of the world's proven oil reserves, the largest share for any country, Venezuela's annual output has fallen over 20% since 1998 to 2.5 million barrels a day, says the International Energy Agency. With Mr. Chavez reliant on oil revenue to fund government spending, state-owned Petroleos de Venezuela has become a byword for underinvestment and inefficiency. Exxon Mobil quit the country in the mid-2000s as the operating environment deteriorated. With Venezuela increasingly reliant on imported goods, the country could face a balance-of-payments crisis under Mr. Chavez's successor should oil prices fall below $100 a barrel, Capital Economics says. One solution is for Venezuela to make more of its oil endowment. For that, it will need more foreign investment and expertise, especially to develop heavy oil in the Orinoco basin and offshore gas reserves. Some big oil companies have survived the Chavez years, putting up with production taxes of as much as 93%. France's Total produces 54,000 barrels a day there, while Venezuela accounts for 11% of Spanish company Repsol's output. Such firms would benefit if a post-Chavez government provides a more supportive investment environment. With other countries like Iraq hoping to boost oil production significantly, that could yet prove to be a bearish influence on oil prices. Still, after 14 unpredictable years, few oil investors will be taking anything for granted in Venezuela.

#### Production decreasing Venezuela impact on oil market – Chavez death proves

**Krauss, 2013**

(Clifford, “Dwindling Production has Led to Lesser Role for Venezuela as Major Oil Power”, New York Times, March 8, <http://www.nytimes.com/2013/03/09/world/americas/venezuelas-role-as-oil-power-diminished.html>, accessed on 7/2/13, BT)

HOUSTON — President Hugo Chávez relished using Venezuela’s [oil](http://topics.nytimes.com/top/news/business/energy-environment/oil-petroleum-and-gasoline/index.html?inline=nyt-classifier)wealth to project power internationally, nudging OPEC to raise oil prices when he could, showering allies like Cuba and Nicaragua with subsidized oil shipments, and mocking the United States while selling it his crude.But Mr. Chávez’s death on Tuesday has had surprisingly little impact on global oil markets, highlighting how Venezuela’s dwindling crude production and exports have undercut its global power in recent years.International oil prices have barely moved since Mr. Chávez died. OPEC has decided to increase shipments to the United States and Europe this month, using oil from Saudi Arabia and other Gulf states. Oil company executives, long frustrated by Mr. Chávez’s nationalizations, are voicing only tepid hopes that they could possibly return in full force to what was once one of their crown jewels.Venezuela’s annual oil production has declined since Mr. Chávez took office in 1999 by roughly a quarter, and oil exports have dropped by nearly a half, a major economic threat to a country that depends on oil for 95 percent of its exports and 45 percent of its federal budget revenues.“Venezuela’s clout on OPEC and on world oil prices has been greatly diminished because of its inability to exploit its enormous resources,” said Michael Lynch, president of Strategic Energy and Economic Research, a consultancy. “In the 1990s, their production was booming and they could thumb their nose at Saudi Arabia and get away with it, but now they have become OPEC’s poor cousin.”

#### Venezuela is largest market – implicates global oil trends

**Mares 2012** (Institute of the Americas Chair for InterAmerican Affairs, University of California, San Diego Prepared for the Council on Foreign Relations Workshop on Oil Trade and International Relations. January 20, 2012, “Case Studies: United States-Venezuela,” SP)

The oil trade adds to the caution of the US in addressing Venezuela, as an overt conflict with the world’s largest holder of petroleum reserves will have significant repercussions throughout global energy markets for an unknowable period of time. Consequently, the US administrations of both George W. Bush and Obama have resisted Venezuelan taunts, seeking to counterbalance his regional influence with Brazil’s rising status and developing their own carrots and sticks with Russia, China and Iran so that they will not be tempted to push Chávez into behavior that directly threatens US security interests.

## Oil production and capacity impacts

### Internal link – Venezuela production key to prices

#### Collapse of Venezuela oil sector results in price jump in international market, impact US economy

**Sullivan, Specialist in Latin American Affairs 2013**

Mark P. “Venezuela: Issues for Congress” CRS Report January 10, <http://www.fas.org/sgp/crs/row/R40938.pdf> accessed tm 7/2

Despite notable frictions in bilateral relations, Venezuela has continued to be a major supplier of oil to the United States. On numerous past occasions, however, Chávez threatened to stop selling oil to the United States, although Venezuelan officials maintained that Venezuela would only stop sending oil to the United States if attacked by the United States. Because of Chávez’s strong rhetoric, however, some observers raised questions about the security of Venezuela as a major supplier of foreign oil. In June 2006, the Government Accountability Office (GAO) issued a report, requested by then-Senate Foreign Relations Committee Chairman Richard Lugar, on the issue of potential Venezuelan oil supply disruption. At the time, the GAO report concluded that a sudden loss of all or most Venezuelan oil from the world market could raise world prices up to $11 per barrel and decrease U.S. gross domestic product by about $23 billion.116

### Internal link – oil key to Venezuelan economy

#### Oil key to domestic economy and political stability

**Stratfor 2013**

(“Venezuela begins its controversial economic reforms” January 31 <http://www.stratfor.com/analysis/venezuela-begins-its-controversial-economic-reforms> accessed tm 7/3 )

For better or worse, Petroleos de Venezuela plays a pivotal role in the Venezuelan economy. Since the early 20th century, when commercial exploitation of Venezuelan oil began, the oil sector has absorbed nearly all investment into the country. Likewise, government revenue has depended on the national oil company, which has over the past century experimented with a variety of ways to manage the resource. The belief that the country's oil wealth should be spread among its citizens is widespread in Venezuela. That sentiment has for decades driven populist policies, including austere price controls on refined petroleum fuels.

#### Oil price declines hurt Venezuela economy – will increase cost of financing debt and increase pressure to cut spending

**Meacham**, Director of the CSIS Americas Program, **2013**

Carl, The Aftermath of Venezuela’s Election: Headed for a Default?”,

June 21, 2013, http://csis.org/publication/aftermath-venezuelas-election-headed-default, 7/1/13 JG

While there had been some hope that Maduro would preside over economic reforms that would help stabilize the situation, his narrow victory leaves him little wiggle room to do so. In fact, it is expected that Venezuela’s budget deficit will reach nearly 10 percent in 2013. This will make the country much more vulnerable to any potential decline in the price of commodities.In addition, the government is likely to continue confronting double-digit inflation and may be forced to start considering a more liberalized exchange rate that would help avoid further devaluations, which may further increase the costs of imports and push inflation higher. In monetary terms, recurrent devaluations also mean that the country will have to pay higher interest rates to obtain more credit; in other words, Venezuela may find more financing increasingly expensive. Under current conditions, Maduro will likely have to cut spending from sectors such as infrastructure, health, and education, using them to pay the principle and the interest rates of the national debt. While the appointment of Nelson Merentes as finance minister has raised hopes that Venezuela’s economic policy will become more pragmatic, it is too early to tell what path he may take.

### Internal link - Venezuela key to oil market

#### Failure of Venezuela oil sector harms economy and global oil prices – we are at unique crossroads

**Ladislaw and Verrastro, CSIS Energy, 2013**

(Sarah and Frank, “Post-Chavez Outlook for Venezuelan Oil Production” March 6 2013 <http://csis.org/publication/post-chavez-outlook-venezuelan-oil-production> accessed tm 7/3)

However, conventional wisdom argues that maintaining oil production is in the interest of any regime. Revenue from oil production is such a large part of Venezuela’s government balance sheet that no leadership could survive for long without a sustained cash flow that oil exports bring. The converse of this argument is that revenues generated by the energy sector are such an important source of power and influence in Venezuela that there is potential for infighting over control of the sector. Moreover, the potential for strikes or instability among groups involved in the sector (some of whom have not been paid) could have additional negative impacts on production. While oil markets have so far taken the news of Chavez’s demise in stride (many claim because the news was largely expected, others because the political outcome is still so uncertain) an actual disruption in Venezuelan production could add pressure to an already difficult market outlook. The last year has produced a number of supply disruptions around the world from OPEC, the Middle East North Africa region, as well as non-OPEC sources. If the economic outlook continues to improve and yield an increase global energy demand, if Iran sanctions remain in place, and if Venezuelan production be compromised, then oil prices would experience much more significant upside pressure from any new disruptions.

#### Internal Link- Venezuelan oil key to world market

**Sullivan and Ribando 2006**

(Mark and Clare, Specialist in Latin American Affairs and Analyst in Latin American Affairs, “Latin America: Energy Supply, Political Developments, and U.S. Policy Approaches,” 9-17-06, 7-3-13, http://www.hsdl.org/?view&did=486149)//KC

In June 2006, the Government Accountability Office (GAO) issued a report,¶ requested by Senate Foreign Relations Committee Chairman Richard Lugar, on the¶ issue of potential Venezuelan oil supply disruption. The GAO report concluded that¶ a sudden loss of all or most Venezuelan oil from the world market could raise world¶ prices up to $11 per barrel and decrease U.S. gross domestic product by about $23¶ billion. It also concluded that if Venezuela does not maintain or expand its current¶ level of oil production, then the world oil market may become even tighter than it is¶ now, putting pressures on both the level and volatility of energy prices.17 Energy¶ analysts maintain, however, that Venezuela, which is dependent on the U.S. oil¶ market, would plunge into economic chaos if it ceased oil shipments to the United¶ States. Venezuela’s Ambassador to the United States Bernardo Alvarez rejected the¶ idea that his country would take unilateral action to cut oil exports to the United¶ States as absurd. He maintains that oil exports provide revenues to the Venezuelan¶ government “that are vital for its programs and essential to its very viability.”18

### Internal links – PDSVA key to government revenue

#### PDSV key to Venezuelan Central bank stability – revenue

**Stratfor 2013**

(“Venezuela begins its controversial economic reforms” January 31 <http://www.stratfor.com/analysis/venezuela-begins-its-controversial-economic-reforms> accessed tm 7/3 )

The biggest immediate problem is pressure on the reserves at the Venezuelan Central Bank. The bank is struggling to meet demand for foreign currency while simultaneously transferring billions of dollars to the state's general fund. Changes made this week to laws regulating how Petroleos de Venezuela transfers windfall oil revenues to the government will see the Central Bank receive an additional $2.47 billion in 2013, and government officials are using that influx of cash to assure Venezuelans that dollars will soon become more available to facilitate the import of a range of basic consumer goods.

### Uniqueness – Venezuelan economy decline

#### Venezuelan economy on the brink-multiple reasons

**O’Neil**, senior fellow for latin America studies on council for foreign relations, **2013**

(Shannon K, “Venezuela’s Economy and Future”, Council for Foreign Relations, June 25, <http://blogs.cfr.org/oneil/2013/06/25/venezuelas-economy-and-future/>, accessed on 7/1/13, BT)

But the underlying fundamentals question how long this can last. Oil production and exports have bankrolled most of these social programs, pumping hundreds of billions of dollars into government coffers over the last twelve years. Having spent all this money (and [even augmented it with billions of dollars of debt](http://www.eluniversal.com/economia/130305/venezuelan-government-and-pdvsas-debt-totals-usd-1448-billion%20" \t "_blank)), one can question the efficiency of Venezuela’s social programs. One also should worry about their sustainability, as the institutions to deliver services—from health care to basic electricity—are weak and in some cases deteriorating. And the flows of oil money behind all of it are increasingly fragile. Though Venezuela has almost [300 billion barrels in proven reserves](http://www.pdvsa.com/interface.sp/database/fichero/free/8010/1625.PDF" \t "_blank), PDVSA’s own production figures show stagnation. Independent estimates ([such as BP’s](http://www.bp.com/liveassets/bp_internet/globalbp/globalbp_uk_english/reports_and_publications/statistical_energy_review_2011/STAGING/local_assets/pdf/statistical_review_of_world_energy_full_report_2012.pdf" \t "_blank)) reveal falling production. Whichever is true, there is a real question as to whether the country can keep supporting the current array of programs.

#### Food prices and lack of government action hurt economy now

**EIU ViewsWire 13** (“Venezuela economy: Maduro makes a slow start on the economy,” *EIU ViewsWire*, 5/17/2013, ProQuest, 7/1/2013, SLiu)

Given the scale of the economic challenges facing the administration of Nicolás Maduro, it is somewhat surprising that it has taken him nearly a month to announce any new economic policy initiatives. In recent weeks the newly elected president has repeatedly vowed to turn the flailing economy around, but this has been accompanied by little substantive action; a rise in the fixed price of chicken, meat and milk in mid-May is essentially the only new development. Although signs that the new finance minister is seeking a more co-operative relationship with the private sector are positive, there is little indication that the government will address the root causes of the economic malaise, which include low investment, an overvalued exchange rate and capital and foreign-exchange controls.

#### Venezuelan recession coming

**EIU ViewsWire 13** (“Venezuela economy: Maduro makes a slow start on the economy,” *EIU ViewsWire*, 5/17/2013, ProQuest, 7/1/2013, SLiu)

Mr Maduro, sworn into office in April after a close-run election, the result of which the opposition is challenging in the Supreme Court, faces a dire economic situation. Inflation in April alone was 4.3%, and in the first four months of the year, accumulated inflation-at 12.9%-has almost reached the government's forecast rate for the entire year, of 1416%. The index of scarcity of basic goods hit a record 21.3% in April. Outside the capital, the sight of hundreds of people queuing to obtain just a couple of kilograms of maize flour, a Venezuelan staple, is becoming familiar. The economy has stalled and may tip into recession this year. Growth in recent years was fuelled almost exclusively by massive increases in government spending, based on high prices for oil, upon which Venezuela depends for more than 95% of its export earnings. With the oil price falling and production stagnant since 2003, no fresh stimulus can be expected from that direction. Worse still, foreign reserves, at around US$25.5bn, have been in steady decline. 70% of that figure is made up of gold, while liquid reserves amount to less than a month's worth of imports. Facing a non-financial public-sector deficit that even progovernment sources put at 15% of GDP, the government has very limited room for manoeuvre. In February it devalued the bolivar from BsF4.3:US$1 to BsF6.3:US$1, but that was far from enough to bridge the gap. On the black market the dollar is fetching around four times its official price, as it is almost impossible to acquire foreign currency legally. The currency-control authority, Cadivi, reportedly owes more than US$9bn to companies whose money has been authorised but not disbursed. A more flexible, second-tier currency system was abolished and its replacement has so far proved unworkable. With local manufacturers and primary producers hit hard by price controls, nationalisations and a multitude of punitive regulations, the domestic market suffers from a heavy dependence on imports, which last year cost US$65bn (compared with around US$90bn in oil earnings). Given the scarcity of dollars, import spending is dropping, which is leading to shortages of basic items, including food, toilet paper and spare parts for vehicles.

#### Multiple factors limit economic growth – currency, food scarcity inflation

**Holmenlund 13** (Elizabeth, Business Development at [fDi Magazine, Financial Times Ltd.](http://uk.linkedin.com/company/financial-times?trk=ppro_cprof), “Regions: Americas - Venezuela - Chavez policies set to remain,” [*Foreign Direct Investment*](http://search.proquest.com/pubidlinkhandler/sng/pubtitle/Foreign+Direct+Investment/$N/28854/DocView/1335093356/fulltext/13F019D47F34E6D7F07/94?accountid=7113), Apr/May 2013, ProQuest, 7/1/2013, SLiu)

The death of Venezuelan president Hugo Chavez in March will not result in a significant change in the country's investment climate, say experts. In his 14 years as president, Mr Chavez introduced price controls on consumer goods and nationalised domestic as well as international companies. With the exception of some African economies, Venezuela is considered to have the worst business climate in the world. But, as it prepares for a presidential election on April 14, investors are hoping that this might change. The election will be a battle between interim president Nicolas Maduro, who has vowed to follow the policies of his former mentor, Mr Chavez, and the opposition candidate Henrique Capriles Radonski, who was the main contender against Mr Chavez in the country's closely fought 2012 presidential election in October. Mr Maduro is currently leading the polls and riding on a wave of public sympathy after being appointed vice-president in October. He has outlined a seven-year economic plan that favours socialism rather than capitalism. However, the forthcoming elections are not expected to solve Venezuela's underlying political and economic issues. "If Mr Maduro becomes president, he will not wish to reverse Chavista policies towards the private sector until or unless he has consolidated his position as the undisputed leader of Chavismo," said Victor Bulmer-Thomas, former director of independent think tank Chatham House. On the other hand, if Mr Capriles wins the election "he would have to deal with a pro-Chavez congress that would make it almost impossible to introduce the changes needed for the country to open up again to foreign investors", said Gina Sanchez, Latin America industry analyst at global market analysis firm Frost & Sullivan. Ms Sanchez said that investors need to remain aware of the country's unappealing factors, such as inflation, currency black markets, food scarcity and a lack of security. "With Mr Maduro as president, regional and global trading relationships are not likely to change. For companies wishing to invest, the ghost of expropriation is looming in the background," said Ms Sanchez. Despite political insecurities, some sectors are gaining appeal among foreign investors. "The energy sector is urgently needing new foreign investment," said Mr Bulmer-Thomas. Venezuela is one of the largest oil and natural gas resource holders in the world, and is the world's 10th biggest exporter of oil, mainly to the US.

### Impact – Venezuelan economic instability bad

#### Venezuela Instability threatens Colombian economy – oil & commodities

**Cohn & Rao**, Investment strategists and reporters for Reuters, **2013**, Carolyn & Sujata, “Venezuela instability a risk for Colombia growth - finance minister”, The Star Online, June 11th 2013, <http://www.thestar.com.my/story.aspx?file=%2f2013%2f6%2f11%2fworldupdates%2fvenezuela-instability-a-risk-for-colombia-growth-finance-minister>, Star Publications, 7/3/13, JG

Colombia's economy faces its greatest risks this year from instability in neighbouring Venezuela and the slump in commodity prices, the country's finance minister said on Monday. Growth forecasts for the Andean country are likely to be downgraded, with 4.4-4.5 percent a likely rate for 2013, Mauricio Cardenas told Reuters editors and Reuters Television.¶ Future growth however could see an annual boost of two percentage points, thanks to planned increases to infrastructure spending and if peace talks with Marxist-led FARC rebels - due to restart on Tuesday - succeed in ending half a century of insurgency.¶ "We are going to make an announcement by the end of this week of between 4.4 and 4.5 percent, we are revising our projections a little downward," he said of the growth forecast which is currently at 4.8 percent.¶ The exact revision is dependent on economic data coming through this week.¶ Falling commodity prices are an issue for Colombia, whose main exports include oil, coal and coffee. The other worry is Venezuela, which is facing shortages of basic goods from toilet paper to wheat flour, raising fears of instability.¶ "Developments in Venezuela are very important to us - a stable growing economy in Venezuela is very important from Colombia's perspective," Cardenas said.¶ He added Colombia has been talking with Venezuelan ministers about the possibility of offering food for oil, or food for future oil reserves.¶ "We are very dependent on commodity prices, and whatever happens to future oil prices," Cardenas said.¶ The government was likely to keep a Brent crude oil reference rate of around $100 (64.25 pounds) a barrel for budget purposes, he said, not far below the current $104 level.¶ The U.S. shale gas revolution has also cut the United States as an export destination for Colombia's coal, he added.¶ INFRASTRUCTURE, PEACE¶ Colombia has a potential growth rate of between 4.5 and 4.8 percent, but ambitious infrastructure spending plans could add around a percentage point to those estimates, Cardenas said.¶ The government plans to spend $20 billion on infrastructure over the next 10 years, with most focus on roads, and is looking for around $30 billion from the private sector, he said.¶ "Better infrastructure will add one percentage point to growth, and the peace process another percentage point," Cardenas said, adding that the impact of the peace programme could be felt quickly.¶ President Juan Manuel Santos has said he wants the talks with FARC ended this year. The two sides last month reached agreement on the critical issue of agrarian reform.¶ More than 100,000 people have died in the war which has diverted billions of dollars from the economy.¶ Cardenas said that if peace with FARC were agreed: "There will be more investment, there will be more projects, the sectors that will benefit the most are agriculture and energy."

### Impact – oil shocks risk US lashout

#### High oil prices drive US to lashout, holding international system hostage to grab resources

**Townsend 2013**

(Erik “Why Peak oil Threatens the international monetary system” January 6 2013 <http://peak-oil.org/2013/01/commentary-why-peak-oil-threatens-the-international-monetary-system/> accessed tm 7/8)

Let’s not forget that the USA enjoys virtually unchallenged global military hegemony. China is working hard to build out its “blue water navy”, including strategic ballistic missile nuclear submarine capability. But the USA is still top dog on the global power stage, and if the USA was willing to use its nuclear weapons, it could easily defeat any country on earth, except perhaps China and Russia.¶ While the use of nuclear weapons in an offensive capacity might seem unthinkable today, the USA has yet to endure significant economic hardship. $15/gallon gasoline from the next Peak Cheap Oil price shock coupled with 15% treasury yields and a government operating in crisis mode just to hold off systemic financial collapse in the face of rampant inflation would change the mood considerably.¶ All the USA has to do in order to secure an unlimited supply of $50/bbl imported oil is to threaten to nuke any country refusing to sell oil to the U.S. for that price. Unthinkable today, but in times of national crisis, morals are often the first thing to be forgotten. We like to tell ourselves that we would never allow economic hardship to cause us to lose our morals. But just look at the YouTube videos of riots at Wal-Mart over nothing more than contention over a limited supply of boxer shorts marked down 20% for Black Friday. What we’ll do in a true crisis that threatens our very way of life is anyone’s guess.¶ If faced with the choice between a Soviet-style economic collapse and abusing its military power, the USA just might resort to tactics previously thought unimaginable. Exactly what those tactics might be and how it would play out are unknowable. The point is, this is a very complex problem, and a wide array of factors including military capability will play a role in determining the ultimate outcome.¶ I certainly don’t mean to *predict* such an apocalyptic outcome. All I’m really trying to say is that the military hegemony of the USA will almost certainly play into the equation. Even if there is no actual military conflict, the *ability* of the U.S. to defeat almost any opponent will play into the negotiations, if nothing else.

### Impact – high oil prices increase food prices

#### Increase in oil prices drive up food prices – transportation costs

**Klare prof peace and world studies and oil expert 2011 ¶** (Michael T. "The Oil-Food Price Shock," 3/10/11www.thenation.com/article/159165/oil-food-price-shock%23 accessed tm 7/8)

Rising food prices matter so much in these countries because the vast majority of the people have been excluded from the conspicuous wealth enjoyed by relatives and cronies of the despots who monopolized power all these years, and because food accounts for such a large share of the family budget. When food costs increase sharply—as they have in the past six months, by as much as 50 percent for some staples—families that were just barely able to survive are plunged into crisis and penury. “The government is humiliating us,” said one young protester in Algiers. “They are raising the price of sugar. We have to pay the rent, the electricity, water, sugar and oil. We are all poor.”¶ The great irony is that many of these countries are oil producers, and with the recent spike in oil prices they have enjoyed a significant boost in national income. But putting aside for a moment the fact that few inhabitants of these countries enjoy tangible benefits from oil revenues—which tend to disappear into the foreign bank accounts of the ruling family—rising petroleum prices actually make things worse for most ordinary citizens, since every increase in the price of oil is followed by a comparable rise in the price of basic foodstuffs.¶ What explains the close relationship between oil and food prices? In their efforts to increase harvests to feed an ever-growing world population, farmers have come to rely on oil for more and more essential tasks. This trend began with the mechanization of agriculture after World War II and the Green Revolution of the 1960s and ’70s. It has continued with the introduction of genetically modified organisms and the proliferation of corporate-run, factorylike farms. Oil fuels farm machinery as well as the vehicles that carry crops to market (sometimes over thousands of miles). It is also employed as the chemical precursor, or “feedstock,” for many of the pesticides, herbicides and artificial fertilizers used in high-tech agriculture. Hence, any increase in the price of oil translates into a rise in the costs of producing food.

**High Food Prices lead to Economic Crisis and Global War**

**AFP 2008**

(Agence France Presse. “IMF warns rising food prices raising risk of war”, April 12, <http://afp.google.com/article/ALeqM5hL9XafrtiaulCYd-cHwk4eonPFGw> accessed on 9/21 RT)

WASHINGTON (AFP) — **Rising food prices could have terrible consequences for the world, including the risk of war, the IMF has said, calling for action to keep inflation in check. "Food prices, if they go on like they are doing today ... the consequences will be terrible,**" International Monetary Fund managing director Dominque Strauss-Kahn said. "**Hundreds of thousands of people will be starving ... (leading) to disruption of the economic environment**," Strauss-Kahn told a news conference at the close of the IMF spring meeting here**. Development gains made in the past five or 10 years could be "totally destroyed," he said, warning that social unrest could even lead to war. "As we know, learning from the past, those kind of questions sometimes end in war**," he said. If the world wanted to avoid "these terrible consequences," then rising prices had to be tackled. **Skyrocketing prices on rice, wheat, corn and other staple foods like milk particularly hurt developing nations, where the bulk of income is spent on the bare necessities for survival.** Higher energy prices, too, are driving up the cost of food, as well as stoking broader inflation. In recent months, **rising food costs have lead to social unrest in several countries such as Haiti and Egypt**. Thirty-seven countries currently face food crises, according to the Food and Agriculture Organization. Escalating inflation is complicating the already complex challenges of a global financial crisis battering the world economy, Strauss-Kahn said. The 185-nation IMF called for a strong front to put the reeling world economy back on track.

**High Food Prices cause millions to become impoverished and go hungry**

**Walsh,** editor for Time Magazine,  **2011**

(Bryan. “Why Biofuels Help Push Up World Food Prices.” February 4, <http://www.time.com/time/health/article/0,8599,2048885,00.html> accessed on 9/21 RT)

It's easy to miss amid the drama of Egypt — though the two stories are connected — but the world is in the grip of a full-blown food crisis. According to the U.N., world food prices hit a record high in January, meaning food is now more expensive than it has ever been in real terms since the U.N. first began tracking the numbers in 1990. Grains, in particular, are more expensive than ever, with corn prices up 53% in 2010, wheat up 47% and rice now at its highest level in more than two years. **At a time when much of the global economy is still struggling to bounce back from the crisis of the past few years, high food prices could push millions back into poverty and cause millions more to go hungry. "The impact is really being felt, especially in outside the U.S.," says Marie Brill, the senior policy analyst at the antipoverty NGO ActionAid USA.**

### Economic Decline causes war Impacts

#### **Failure to address ongoing economic decline results in war**

Mead, Senior Fellow in U.S. Foreign Policy at the Council on Foreign Relations, 2009

Walter Russell, The New Republic, “Only Makes You Stronger,” February 4, http://www.tnr.com/politics/story.html?id=571cbbb9-2887-4d81-8542-92e83915f5f8&p=2, last accessed 1.23.10

None of which means that we can just sit back and enjoy the recession. History may suggest that financial crises actually help capitalist great powers maintain their leads--but it has other, less reassuring messages as well. If financial crises have been a normal part of life during the 300-year rise of the liberal capitalist system under the Anglophone powers, so has war. The wars of the League of Augsburg and the Spanish Succession; the Seven Years War; the American Revolution; the Napoleonic Wars; the two World Wars; the cold war: The list of wars is almost as long as the list of financial crises.

Bad economic times can breed wars. Europe was a pretty peaceful place in 1928, but the Depression poisoned German public opinion and helped bring Adolf Hitler to power. If the current crisis turns into a depression, what rough beasts might start slouching toward Moscow, Karachi, Beijing, or New Delhi to be born?

The United States may not, yet, decline, but, if we can't get the world economy back on track, we may still have to fight.

### Economic decline--protectionism Impacts

#### Protectionism causes nuclear trade war and turns case

Panzner 8, faculty at the New York Institute of Finance, 25-year veteran of the global stock, bond, and currency markets who has worked in New York and London for HSBC, Soros Funds, ABN Amro, Dresdner Bank, and JPMorgan Chase (Michael, Financial Armageddon: Protect Your Future from Economic Collapse, Revised and Updated Edition, p. 136-138, googlebooks)

Continuing calls for curbs on the flow of finance and trade will inspire the United States and other nations to spew forth protectionist legislation like the notorious Smoot-Hawley bill. Introduced at the start of the Great Depression, it triggered a series of tit-for-tat economic responses, which many commentators believe helped turn a serious economic downturn into a prolonged and devastating global disaster, But if history is any guide, those lessons will have been long forgotten during the next collapse. Eventually, fed by a mood of desperation and growing public anger, restrictions on trade, finance, investment, and immigration will almost certainly intensify. Authorities and ordinary citizens will likely scrutinize the cross-border movement of Americans and outsiders alike, and lawmakers may even call for a general crackdown on nonessential travel. Meanwhile, many nations will make transporting or sending funds to other countries exceedingly difficult. As desperate officials try to limit the fallout from decades of ill-conceived, corrupt, and reckless policies, they will introduce controls on foreign exchange, foreign individuals and companies seeking to acquire certain American infrastructure assets, or trying to buy property and other assets on the (heap thanks to a rapidly depreciating dollar, will be stymied by limits on investment by noncitizens. Those efforts will cause spasms to ripple across economies and markets, disrupting global payment, settlement, and clearing mechanisms. All of this will, of course, continue to undermine business confidence and consumer spending. In a world of lockouts and lockdowns, any link that transmits systemic financial pressures across markets through arbitrage or portfolio-based risk management, or that allows diseases to be easily spread from one country to the next by tourists and wildlife, or that otherwise facilitates unwelcome exchanges of any kind will be viewed with suspicion and dealt with accordingly. The rise in isolationism and protectionism will bring about ever more heated arguments and dangerous confrontations over shared sources of oil, gas, and other key commodities as well as factors of production that must, out of necessity, be acquired from less-than-friendly nations. Whether involving raw materials used in strategic industries or basic necessities such as food, water, and energy, efforts to secure adequate supplies will take increasing precedence in a world where demand seems constantly out of kilter with supply. Disputes over the misuse, overuse, and pollution of the environment and natural resources will become more commonplace. Around the world, such tensions will give rise to full-scale military encounters, often with minimal provocation. In some instances, economic conditions will serve as a convenient pretext for conflicts that stem from cultural and religious differences. Alternatively, nations may look to divert attention away from domestic problems by channeling frustration and populist sentiment toward other countries and cultures. Enabled by cheap technology and the waning threat of American retribution, terrorist groups will likely boost the frequency and scale of their horrifying attacks, bringing the threat of random violence to a whole new level. Turbulent conditions will encourage aggressive saber rattling and interdictions by rogue nations running amok. Age-old clashes will also take on a new, more healed sense of urgency. China will likely assume an increasingly belligerent posture toward Taiwan, while Iran may embark on overt colonization of its neighbors in the Mideast. Israel, for its part, may look to draw a dwindling list of allies from around the world into a growing number of conflicts. Some observers, like John Mearsheimer, a political scientist at the University of Chicago, have even speculated that an "intense confrontation" between the United States and China is "inevitable" at some point. More than a few disputes will turn out to be almost wholly ideological. Growing cultural and religious differences will be transformed from wars of words to battles soaked in blood. Long-simmering resentments could also degenerate quickly, spurring the basest of human instincts and triggering genocidal acts. Terrorists employing biological or nuclear weapons will vie with conventional forces using jets, cruise missiles, and bunker-busting bombs to cause widespread destruction. Many will interpret stepped-up conflicts between Muslims and Western societies as the beginnings of a new world war.

### Solvency Private oil development helps Venezuela Economy

#### Venezuela’s economy is failing now- development of oil sector key to addressing economic problems

**Bandow 2013**

(Doug, Senior Fellow at the Cato Institute, “With Hugo Chavez Dead, Will Chavismo Also Die?”, Institute, March 7th 2013, http://www.cato.org/publications/commentary/hugo-chavez-dead-will-chavismo-also-die, accessed 7/1/13, JK)

Venezuela is better off with Chavez gone. However, the country will prosper only if Chavismo disappears as well. Which requires the opposition to offer a vision of opportunity and prosperity for Venezuela’s dispossessed. Chavez was elected in 1998, a populist who challenged the country’s profoundly corrupt political establishment. In Venezuela the class structure essentially was determined by access to state privilege. If your friends were in power, you could get rich. Ideology wasn’t important. Thus, the electoral surge for Chavez, though unfortunate, was not surprising. People desperate for change voted for change. And he brought it. But not a positive variety. Roger Noriega of the American Enterprise Institute assessed “Chavez’s destructive legacy: deep political polarization, authoritarian manipulation, hateful rhetoric, disastrous economic policies, and the devastation of Venezuela’s petroleum industry.” “What Venezuelans most need is a government which empowers them, not political elites claiming to speak for them.” Chavez failed even on his own terms. Venezuelans remain profoundly poor and dependent on the state. Poverty has fallen because of lavish social spending, but the country’s oil revenue provides only a temporary palliative. In fact, the Chavez government has mismanaged even this asset, and has done nothing to encourage Venezuelans to become independent wealth producers. Rather, an otherwise productive people suffer from an economy which doesn’t work. Food shortages emerged earlier this year which the government, naturally, blamed on private hoarding. Chavez was dedicated to the sort of socialist state which has failed all over the world. Indeed, Venezuela ranked 144 in last year’s Economic Freedom of the World index, after war-torn Congo, bankrupt Zimbabwe, and long-isolated Burma. Indeed, Chavez wasted his people’s money on political objectives, such as subsidizing the failed communist experiment in Cuba. After a half century of revolution, the island state remains an economic wreck, locked in a time warp in which vintage 1950s American automobiles ply streets filled with weathered buildings unfamiliar with basic maintenance.

### Solvency increased production solves energy security

#### **Production solves energy security**

Farnsworth, vice president of the Council of the Americas and Americas Society 2013

(Eric, “ENERGY SECURITY OPPORTUNITIES IN LATIN AMERICA

AND THE CARIBBEAN, HEARING BEFORE THE HOUSE COMMITTEE ON FOREIGN AFFAIRS SUBCOMMITTEE ON THE WESTERN HEMISPHERE, 4/11/2013, <http://docs.house.gov/meetings/FA/FA07/20130411/100622/HHRG-113-FA07-Wstate-FarnsworthE-20130411.pdf>, accessed 7/7 tm)

Still, energy markets are global, and the more energy ¶ available ¶ overall, the better for ¶ everyone because that reduc¶ e¶ s the cost¶ and therefore increases competitiveness. At the ¶ same time, greater production by any one country changes ¶ its ¶ terms of trade, increases ¶ investment, stimulates technology transfer, and builds management expertise. When ¶ pursued with a broader vi¶ sion, increased energy production can also contribute to ¶ sustainable, e¶ nvironmentally¶ -¶ sound economic development.¶ It is on this basis that¶ partnerships can be pursued with willing partners.

### Canada Add-on – links

#### Venezuela direct tradeoff with Canada oil sands – investment shifts if there is a change in Venezuela

**Tissot, Latin America oil expert, 2012**

(Roger, Why the health of Hugo Chavez matters to Alberta’s oil sands June 1 2012 http://www.albertaoilmagazine.com/2012/06/hugo-chavez-is-losing-his-hold-on-power-in-venezuela-should-albertas-oil-and-gas-sector-be-worried/

**Alberta’s oil sands** have been one of the benefactors of the fall from grace of PDVSA and the Venezuelan oil and gas industry during the Chavez presidency. His anti-U.S. rhetoric, plus the threat of nationalization and expropriation, caused some of Big Oil’s players to shift their capital elsewhere, notably to bitumen deposits located in landlocked northern Alberta, which has accelerated development of the resource.¶ But a Chavez defeat in this fall’s presidential elections, and a return to the Venezuela and PDVSA of the early 1990s, could have the oil and gas industry flocking to Venezuela once again and focusing less on investing in a high-cost resource like the oil sands. While there might not be any threat of expropriation in Alberta, the fact is crude oil from the Orinoco is far cheaper to produce and transport than oil sands crude. What’s more, it only takes five days to move a supertanker from Venezuela to the U.S. Gulf Coast.

#### Venezuela low output benefits Canada oil – investment shift

Campbell, 2013 (Darren, “A new leader could signal change for Venezuela’s troubled oil and gas sector; If Nicolas Maduro can reverse the industry's decline, it could siphon off investment in Alberta's oil sands,” 4/16/2013, http://www.albertaoilmagazine.com/2013/04/a-new-leader-could-signal-change-for-venenzuelas-oil-and-gas-sector/, accessed tm 7/8

Oil-rich Venezuela has a new president and his name is Nicolas Maduro.¶ On Monday, Maduro was declared the winner of the closest presidential election the country has had in 45 years. He succeeds Hugo Chavez, who died of cancer on March 5.¶ Normally, we wouldn’t write about the results of an election from a far-off outpost like Venezuela here at Energy Ink. But Venezuela isn’t just any outpost.¶ It has some of the largest oil and gas reserves in the world. And under Chavez, the industry and the state-run company, the Petroleos de Venezuela, S.A (PDVSA), have been run badly.¶ That, of course, has been good for Alberta’s own oil and gas industry, particularly the oil sand sector.¶ That’s because Venezuelan heavy oil is a competitor to the bitumen and heavy oil Alberta produces, and as long as the Venezuelan oil and gas industry is badly underperforming, some of the investment that could be going to develop its reserves will flow to the oil sands.¶

#### Direct tradeoff with heavy Canadian sands oil – shift will decrease investment in Canadian oil

**Campbell, 2012**

(David, “Is a chavez win in Venezuela good news for alberta” October 9 2012 <http://www.albertaoilmagazine.com/2012/10/is-a-chavez-win-in-venezuela-good-news-for-alberta/> accessed tm 7/8)

Hugo Chavez – the man who has ruled one of the world’s most oil-rich nations for 14 years – was given a convincing fourth mandate by Venezuelan voters on Sunday.¶ This is good news for Chavez and his supporters. But is it also good news for Alberta’s oil sands sector?¶ As Venezuelan expert Roger Tissot wrote in an essay that appeared in the June issue of Alberta Oil, the country’s once formidable oil and gas industry has fallen into disrepair under Chavez’s rule.¶ Missed production targets are chronic. The state-run Petroleos de Venezuela, S.A (PDVSA) has become a bloated, inefficient monster. And much of the country’s best industry talent is now leading an oil and gas boom in neighboring Colombia.¶ The current state of affairs in Venezuela, along with one of the worst murder rates in the world and Chavez’s anti-Yankee and nationalistic tendencies, has made the country one of the least desirable places for the oil and gas industry to invest – unless you happen to be Chinese or Russian.¶ That’s been to the benefit of Alberta and its oil sands sector because Venezuelan heavy oil is cheaper to produce than the oil sands, and there is a lot of it. It’s been argued that the mismanagement of the oil and gas industry under Chavez has led to a lot of foreign investment in the oil sands that wouldn’t have happened if Venezuela had its oily and gassy affairs in order.

### Canada Tar sands add on – environment

#### **Canada’s tar sands are bad for the environment – waste dumped annualy in open lakes killing the ecosystem**

Goldenberg, US environmental correspondent, 2013, Suzanne, “Canada’s tar sands companies fail to clean up toxic waste, report finds”, The Guardian, June 13th 2013, <http://www.guardian.co.uk/world/2013/jun/13/canada-tar-sands-toxic-waste>, 7/8/13, JG

None of the companies operating in Canada's tar sands have met a commitment to clean up the vast and expanding sprawl of toxic waste ponds, an official report has found.¶ ¶ The report, from Alberta's Energy Resources Conservation Board, further challenges the Canadian government's claims to responsible mining of the tar sands.¶ ¶ Canada's prime minister, Stephen Harper, spoke to Parliament on Thursday. Three protesters were arrested during the visit.¶ ¶ The report focuses on the provincial government's promise to clean up and eventually eliminate a vast network of open ponds storing mining waste from the tar sands along the Athabasca river.¶ ¶ None of the seven companies operating in the tar sands met the original performance standard, set in 2009, during the last two years, the ECRB said in its report.¶ ¶ Only one of the companies met a revised and weakened standard.¶ ¶ The finding was quietly published last week, without a press release.¶ ¶ "Industry performance over the 2010/2012 reporting period has not met the original expectations," it concluded.¶ ¶ However, the board did not propose any penalties against the companies, suggesting instead that the clean-up targets may have been overly optimistic.¶ ¶ Mining waste from the tar sands, a mix of water, sand, silt, clay, contaminants, and hydrocarbons, is dumped in a system of open lakes, known as tailing ponds.¶ ¶ The ponds are hugely toxic to marine life, and some 7,000 ducks and geese die every year after mistakenly landing there.¶ ¶ The ponds currently occupy an area about 50% larger than the city of Vancouver, according to the Pembina Institute, an environmental research centre. By 2020, they are expected to expand to 250 square kms.¶ ¶ Alberta's government imposed the performance standards in 2009 to try to reduce the growing sprawl of liquid waste dumps. Under the standards, mining operators were to have reduced their waste by 50% by June 2013.¶ ¶ Alberta's premier, Alison Redford, promised during a trip to Washington in April that such waste ponds would disappear entirely by 2016.¶ ¶ Pembina Institute's Jennifer Grant argued the province should put further expansion of the tar sands on hold, until companies meet the performance standard. She also called for more rigorous enforcement action. " It is irresponsible to approve new oilsands expansion when mining operators are failing to meet tailings clean up rules," Grant wrote in an email. "Promises of responsible oilsands development ring hollow when the ERCB is not enforcing its own tailings rules."¶

#### The result of unchecked environmental destruction is extinction

Chris Hedges [Chris Hedges, whose column is published Mondays on Truthdig, spent nearly two decades as a foreign correspondent in Central America, the Middle East, Africa and the Balkans. He has reported from more than 50 countries and has worked for The Christian Science Monitor, National Public Radio, The Dallas Morning News and The New York Times, for which he was a foreign correspondent for 15 years. Hedges was part of the team of reporters at The New York Times awarded a Pulitzer Prize in 2002 for the paper’s coverage of global terrorism. He also received the Amnesty International Global Award for Human Rights Journalism in 2002]7/19/2010 (American Pulitzer Prize-winning journalist, and war correspondent specializing in American and Middle Eastern politics and societies. ) "Calling All Future Eaters." http://www.truthdig.com/report/item/calling\_all\_future-eaters\_20100719/

The human species during its brief time on Earth has exhibited a remarkable capacity to kill itself off. The Cro-Magnons dispatched the gentler Neanderthals. The conquistadors, with the help of smallpox, decimated the native populations in the Americas. Modern industrial warfare in the 20th century took at least 100 million lives, most of them civilians. And now we sit passive and dumb as corporations and the leaders of industrialized nations ensure that climate change will accelerate to levels that could mean the extinction of our species. Homo sapiens, as the biologist Tim Flannery points out, are the “future-eaters.” In the past when civilizations went belly up through greed, mismanagement and the exhaustion of natural resources, human beings migrated somewhere else to pillage anew. But this time the game is over. There is nowhere else to go. The industrialized nations spent the last century seizing half the planet and dominating most of the other half. We giddily exhausted our natural capital, especially fossil fuel, to engage in an orgy of consumption and waste that poisoned the Earth and attacked the ecosystem on which human life depends. It was quite a party if you were a member of the industrialized elite. But it was pretty stupid. Collapse this time around will be global. We will disintegrate together. And there is no way out. The 10,000-year experiment of settled life is about to come to a crashing halt. And humankind, which thought it was given dominion over the Earth and all living things, will be taught a painful lesson in the necessity of balance, restraint and humility. There is no human monument or city ruin that is more than 5,000 years old. Civilization, Ronald Wright notes in “A Short History of Progress,” “occupies a mere 0.2 percent of the two and a half million years since our first ancestor sharpened a stone.” Bye-bye, Paris. Bye-bye, New York. Bye-bye, Tokyo. Welcome to the new experience of human existence, in which rooting around for grubs on islands in northern latitudes is the prerequisite for survival.We view ourselves as rational creatures**.** But is it rational to wait like sheep in a pen as oil and natural gas companies, coal companies, chemical industries, plastics manufacturers, the automotive industry, arms manufacturers and the leaders of the industrial world, as they did in Copenhagen, take us to mass extinction? It is too late to prevent profound climate change. But why add fuel to the fire? Why allow our ruling elite, driven by the lust for profits, to accelerate the death spiral? Why continue to obey the laws and dictates of our executioners? The news is grim. The accelerating disintegration of Arctic Sea ice means that summer ice will probably disappear within the next decade. The open water will absorb more solar radiation, significantly increasing the rate of global warming. The Siberian permafrost will disappear, sending up plumes of methane gas from underground. The Greenland ice sheet and the Himalayan-Tibetan glaciers will melt. Jay Zwally, a NASA climate scientist, declared in December 2007: “The Arctic is often cited as the canary in the coal mine for climate warming. Now, as a sign of climate warming, the canary has died. It is time to start getting out of the coal mines.”

### Canada tar sands add –on – climate

#### Tar sands oil extraction cause climate change, pollute water, destroy forests and kills indigenous groups

**Friends of the Earth, no date given**

<http://www.foe.org/projects/climate-and-energy/tar-sands> accessed tm 7/11

Climate Impacts¶ Tar sands oil extraction and production emits three times more carbon dioxide than does the extraction and production of conventional oil. If we expand our use of dirty tar sands, we could jeopardize the gains we make combating climate change via fuel economy standards and the use of clean energy sources as vehicle fuels.¶ Ecosystem Destruction¶ Tar Sands Extraction Photo by David Dodge of the Pembina InstituteTar sands extraction requires total destruction of pristine areas within the Canadian Boreal forest, one of the few large, intact ecosystems on Earth. The forest is clear cut, the wetlands are drained, and living matter and soil are hauled away to expose the tar sands. Oil companies remove and dump four tons of sand and soil for every one barrel of oil they get from tar sands.¶ Water Waste¶ Extracting the fossil fuels in tar sands from the sand, silt, and clay requires enormous amounts of water. It takes about three barrels of water to extract one barrel of oil. More than 90 percent of this water, 400 million gallons per day, ends up as toxic waste dumped in massive pools that contain carcinogenic substances like cyanide.¶ Disruption of Native People¶ The tar sands are being mined in a region home to many native people. They have trouble practicing their cultural traditions because of the destruction caused by tailing ponds and strip mining operations. The people downstream from the toxic tailing ponds have high rates of rare cancers, renal failure, lupus and hyperthyroidism. Indigenous groups have organized and protested to stop the expansion of tar sands operations.

#### Impact - Climate change bad—studies prove climate cycles drive war, empirically proven

Schiermeier, editor and writer for Nature specializing in policy and climate studies, degree in geography, statistics and economics from University of Munich, 2011

Quirin, Nature Magazine, “Climate cycles drive civil war,” August 24, http://www.nature.com/news/2011/110824/full/news.2011.501.html, last accessed 7.3.12

Natural climate cycles seem to have a striking influence on war and peace around the equator. Tropical countries face double the risk of armed conflict and civil war breaking out during warm, dry El Niño years than during the cooler La Niña phase of the El Niño/Southern Oscillation (ENSO), according to an analysis published today inNature[1](http://www.nature.com/news/2011/110824/full/news.2011.501.html#B1).¶ The study throws light on the hotly contested issue of whether climate change has any notable effect on violence and societal stability, particularly in poor countries. The authors of several popular books have previously proposed a link, but there are disagreements within the scientific literature over whether a robust climate signal can be detected in conflict statistics.¶ Previous studies have focused on the question of how anthropogenic climate change might increase conflict risk. A 2009 study[2](http://www.nature.com/news/2011/110824/full/news.2011.501.html#B2) by economist Marshall Burke at the University of California, Berkeley, and his co-workers found that the probability of armed conflict in sub-Saharan Africa was about 50% higher than normal in some unusually warm years since 1981. But critics point to statistical problems — for instance when linking possibly random local temperature and rainfall variations with outbreaks of civil war — that may have resulted in a false appearance of causality.¶ To overcome this problem, Solomon Hsiang, an economist currently at Princeton University in New Jersey, and his colleagues opted to look at how historical changes in the global, rather than local, climate affect conflict risk[1](http://www.nature.com/news/2011/110824/full/news.2011.501.html#B1).¶ Clear signal¶ The team designed a 'quasi-experiment' for which they divided the world into regions strongly affected by the ENSO — the tropical parts of South America, Africa and the Asia–Pacific region, including parts of Australia — and regions only weakly affected by it. They then searched for a link between climate and armed conflicts that arose in the first group between 1950 and 2004.¶ A very clear signal appeared in the data. The team found that the risk of annual civil conflict doubles, from 3% to 6%, in countries of the ENSO-affected, or 'teleconnected', group during El Niño years relative to La Niña years. In many cases, conflicts that might have broken out anyway may have occurred earlier owing to the effects of El Niño, Hsiang suggests.¶ Civil conflicts have been by far the most common form of organized political violence in recent decades, Hsiang says. Globally, one-fifth of the 240 or so civil conflicts since 1950 could be linked to the 4–7-year climate cycle originating in the southern Pacific, the study concludes. The results were unaffected by any modification to the statistical set-up of the analysis — such as excluding particularly crisis-prone African countries — which the team performed to confirm the robustness of their findings.¶ "A doubling of risk is a very strong effect," says Halvard Buhaug, a conflict researcher with the Peace Research Institute Oslo, who was not involved in the study.¶ Buhaug, who has previously criticized[3](http://www.nature.com/news/2011/110824/full/news.2011.501.html#B3) claims such as Burke's, says he feels "surprised and a bit puzzled" by the results. He grants that the study is "very competently executed" but adds that the issue is nonetheless far from being settled. "I don't dismiss that a correlation exists, but it is a correlation we so far don't understand," he says. "I remain sceptical about any potential causal connection."¶ A more detailed analysis of the 'narratives' of historical conflicts that have occurred during El Niño years is needed to establish whether any factors that may have caused these conflicts — such as harvest failures that led to food shortages — can be traced to El Niño events, he says.¶ Greenhouse effects¶ The authors of the study are aware of its limitation and of the difficulties involved in establishing a causal link between climate and conflict. But, says Hsiang, case studies are ongoing at Columbia University in New York and elsewhere on how El Niño events might link to local outbreaks of violence.¶ "Different hypotheses have been proposed as to how one phenomenon causes the other, and we aren't sure yet what the correct narrative is," he says. "It could be that agricultural income in El Niño years drops to levels that can trigger violence. Furthermore, psychologists think that aggressive behaviour gets generally more widespread during exceptionally warm conditions."¶

### Extension – Canada tar sand tradeoff

#### Tar Sands Productions dump toxic wastes into tailing ponds and recking forests

Homer-Dixon, OP-ED Contributor, 2013,

Thomas, “The Tar Sands Disaster”, The New York Times, March 31st 2013, http://www.nytimes.com/2013/04/01/opinion/the-tar-sands-disaster.html?\_r=0, 7/8/13, JG

The most obvious reason is that tar sands production is one of the world’s most environmentally damaging activities. It wrecks vast areas of boreal forest through surface mining and subsurface production. It sucks up huge quantities of water from local rivers, turns it into toxic waste and dumps the contaminated water into tailing ponds that now cover nearly 70 square miles.¶ Also, bitumen is junk energy. A joule, or unit of energy, invested in extracting and processing bitumen returns only four to six joules in the form of crude oil. In contrast, conventional oil production in North America returns about 15 joules. Because almost all of the input energy in tar sands production comes from fossil fuels, the process generates significantly more carbon dioxide than conventional oil production.

### Extension Canada Add-on –financial instability

#### European financial institutions dropping their investments in Canada’s tar sands – financial risk and polluting forms of energy

Grandia, President of Spake Media House, 2013, Kevin, “Investors Give Canada's Tar Sands the Heave-Ho”, Huffington Post, July 7th 2013, <http://www.huffingtonpost.ca/kevin-grandia/investors-canada-tar-sands_b_3552433.html>, 7/8/13, JG

Citizens and community leaders converging this weekend in Northern Alberta for the annual "Tar Sands Healing Walk" will likely be quite happy with news that another major European financial institution is dropping their investments in Canada's tar sands. ¶ Norwegian financial services giant, Storebrand, issued an update saying that the company has divested it's financial interests in 13 coal extractors and six companies heavily involved in oil sands extraction.¶ This follows on the heels of Dutch bank Rabobank announcing four days ago that they have instituted a "no-loan" policy to any company involved in so-called "extreme" fuel extraction, mainly tar sands and shale gas. ¶ Both Storebrand and Rabobank are concerned about the long term financial risk the tar sands and other heavily polluting forms of energy production pose.

### Petrocaribe Add-on link

#### Petrocaribe focus expanding – key question whether Venezuela will continue to support countries

**UPI 7/2/13**

http://www.upi.com/Business\_News/Energy-Resources/2013/07/02/

Petrocaribe-weighs-Venezuelas-post-Chavez-oil-diplomacy/UPI-16981372805072/ accessed TM 7/7

Can Maduro continue Chavez's generous oil diplomacy in the Caribbean and Central region the late firebrand founded as Petrocaribe, a loosely defined union of states dependent on Venezuela for cheap oil? This was a question paramount when the Petrocaribe region's leaders met in Managua, Nicaragua, in late June.¶ Venezuela supplied more than 100,000 barrels of oil each day to Petrocaribe member states in 2012, despite a gathering crisis in Caracas over Chavez's failing health. What's less clear is how much Venezuela got paid on terms ranging from long-term deferment of payment to oil prices below market trends.¶ At the Managua meeting, Venezuela led a call to expand Petrocaribe into an economic union with goals beyond the supply of cheap oil. At an earlier May summit in Caracas, Maduro said Petrocaribe could become a trade bloc to complement and not compete with other cooperation pacts already in existence.¶ Nicaraguan President [Daniel Ortega](http://www.upi.com/topic/Daniel_Ortega/) said a number of working groups created at the summit would explore collaboration in areas "beyond the false concepts of free trade." Ortega said "with these steps we are attacking extreme poverty, creating a regional brotherhood with a trade zone to confront the problems facing Latin America and the Caribbean."¶ At the May summit, Venezuelan Oil and Mining Minister [Rafael Ramirez](http://www.upi.com/topic/Rafael_Ramirez/) called for expansion of Petrocaribe beyond its initial focus of providing oil to member states at favorable prices. It's a proposal that will allow member states to continue to strengthen Petrocaribe. Ramirez said.¶ A key question not discussed in public at the two summits was the proportion of cash contributions pledged by Venezuela and other member countries. Petrocaribe members include Antigua and Barbuda, the Bahamas, Belize, Cuba, Dominica, Dominican Republic, Grenada, Guatemala, Guyana, Haiti, Honduras, Jamaica, St. Lucia, St. Kitts and Nevis, Saint Vincent and the Grenadines, Suriname and Venezuela.

#### Venezuela raising Petrocaribe costs – increasing debt pressures for member countries plan solves

**Fox News Latino, 7/3/13**

<http://latino.foxnews.com/latino/money/2013/07/03/with-chavez-gone-caribbean-nations-no-longer-benefit-from-venezuela-cheap-oil/> accessed tm 7/7

Heads of state of Petrocaribe nations ended a summit in Nicaragua over the weekend with agreements to promote the regional economic bloc and increase the flow of food and services among member nations.¶ However, the oil Petrocaribe countries receive from Venezuela will no longer be as cheap as it was when Hugo Chavez lived. According to the Spanish daily El País, between May and June the government of Nicolas Maduro increased the once-preferential interest rate as much as 50 percent in some cases.¶ The change will result in mounting debt for member countries, which already owe Caracas more than $20 billion for oil shipments over the last eight years, according to the Banco Central de Venezuela. The newspaper said that because of the increase, countries like Guatemala are setting conditions to its full incorporation into the block.¶ Petrocaribe, created in 2005, is a pact between 17 nations and Venezuela that offers below-market financing in exchange for goods and services. The mechanism devised by the late Chavez agrees to the payment of 40 percent of the bill after 90 days of the purchase, either with cash or with products like beans, cattle or sugar. The rest of the bill is to be financed in 17 to 25 years, at an interest rate of only 1 percent to 2 percent, with a two-year grace period.¶

### AT Russia and China markets solve for capacity

#### Efforts to diversify oil exports don’t address the fundamental capacity problem

**Snow, 2013** (Nick, “Venezuela after Chavez” Oil and Gas Journal March 11 lexis accessed tm 7/3)

But many of the country's oil fields are very mature, requiring heavy investment to maintain current capacity, EIA continued. "Industry analysts estimate that [PDVSA](http://www.lexisnexis.com.ezproxy.lib.utexas.edu/lnacui2api/search/XMLCrossLinkSearch.do?bct=A&risb=21_T17727392749&returnToId=20_T17727523450&csi=8039&A=0.35605905263182935&sourceCSI=3652&indexTerm=%23CC00028KH%23&searchTerm=PDVSA%20&indexType=C" \t "_parent) must spend some $3 billion each year just to maintain production levels at existing fields, given decline rates of at least 25%," it said.¶ While Venezuela's relatively close proximity has helped it remain among the top foreign crude suppliers to the US, imports from there have fallen in recent years, according to EIA.¶ "In 2011, the US imported 951,000 b/d of crude oil and products from Venezuela, just 8.3% of [its] total [petroleum] imports," it said. That does not include 186,000 b/d of US Virgin Islands products which almost exclusively come from Venezuelan crude, EIA added.¶ The country consequently has tried to diversify its petroleum export markets. China is one of its fastest growing foreign customers--from 19,000 b/d in 2005 to 230,000 b/d in 2011, EIA said. And [PDVSA](http://www.lexisnexis.com.ezproxy.lib.utexas.edu/lnacui2api/search/XMLCrossLinkSearch.do?bct=A&risb=21_T17727392749&returnToId=20_T17727523450&csi=8039&A=0.35605905263182935&sourceCSI=3652&indexTerm=%23CC00028KH%23&searchTerm=PDVSA%20&indexType=C" \t "_parent) Pres. Rafael Ramirez said on Jan. 21 that the national oil company is exploring cooperation with Russian oil consortium Rosneft.

### AT China solves your aff

#### No, it doesn’t – Venezuela will use the US relationship as bulwark against China influence

Fillingham, Managing Editor & Asia Analyst and MA in Chinese Studies from the School of Oriental and African Studies in London 2013

(Zachary, “Post-Chavez US-Venezuelan Relations: Headed for a Thaw?” 3/10/2013, <http://www.geopoliticalmonitor.com/post-chavez-us-venezuelan-relations-headed-for-a-thaw-4790/>, accessed tm 7/7)

Given its precarious economic situation, Venezuela will need outside assistance in the near future. And while some would say that China is best suited to step up and bail out Caracas, there are a few reasons to question whether this will actually come to pass. First of all, The Chinese Development Bank has already provided a huge amount of money to the Chavez government, about $40 billion between 2008 and 2012 alone. Thus, if Venezuela were to be faced with a default, it would be Chinese investors with their money on the line. Any debt renegotiations would surely include provisions that didn’t sit well with the Venezuelan public. After all, [there have already been agreements reached](http://www.ipsnews.net/2013/02/china-maps-out-venezuelas-valuable-mining-resources/) between Venezuela and the Chinese state-owned company Citic Group that have raised populist alarm bells regarding the signing of mineral rights over to foreign companies. In this context, a limited rapprochement makes sense from a Venezuelan point of view, as it would balance against a preponderance of Chinese economic influence. Now that the “Bolivarian Revolution” is all but discredited, and countries like Brazil have proven that it’s possible to alleviate poverty through trade and keep US influence at arm’s length, a US-Venezuelan thaw is theoretically possible. However, authorities in Washington will likely have to endure another round of vitriol and wait until the dust settles in [Venezuelan domestic politics](http://www.geopoliticalmonitor.com/venezuela-violence-and-politics-4490/) before their window of opportunity presents itself. ¶

# Advantage - US Venezuela Relations

**\*\*\*\*You could use these cards on the say yes debate as well**

### U - US Venezuela Reset - Post Chavez Repair

#### Chavez death represent new opportunity for US Venezuela relations

**Sullivan, Specialist in Latin American Affairs, 2013**

Mark P., “Hugo Chávez’s Death: Implications for

Venezuela and U.S. Relations” Congressional Research Service Report, April 9, <http://www.fas.org/sgp/crs/row/R42989.pdf> accessed tm 7/1/13

Congress has had a strong interest in Venezuela and U.S. relations with Venezuela under the Chávez government. Among the concerns of U.S. policymakers has been the deterioration of human rights and democratic conditions, Venezuela’s significant military arms purchases, lack of cooperation on anti-terrorism efforts, limited bilateral anti-drug cooperation, and Venezuela’s relations with Cuba and Iran. The United States traditionally enjoyed close relations with Venezuela, but there has been considerable friction in relations under the Chávez government. U.S. policymakers have expressed hope for a new era in U.S.-Venezuelan relations in the post-Chávez era. While this might not be possible while Venezuela soon gears up for a presidential campaign, there may be an opportunity in the aftermath of the election.

#### Post-Chavez Venezuela seeking good relations with US

**Ellsworth 5-19-13**

(Brian Ellsworth, Senior Correspondent, Brazil at Reuters “Venezuela says taking steps to restore U.S. diplomatic ties” <http://www.reuters.com/article/2013/05/20/us-venezuela-usa-idUSBRE94J01R20130520>)

Venezuela's recent designation of an acting head of its diplomatic mission in the United States shows the OPEC nation's desire to restore full diplomatic relations, the foreign minister said in an interview broadcast on Sunday. Disputes between Caracas and Washington were common during the 14-year-rule of late socialist leader Hugo Chavez, leaving both nations without ambassadors in each other's capitals. Foreign Minister Elias Jaua suggested in a televised interview that the move to name government ally Calixto Ortega as charge d'affaires in Washington could be a prelude to restoring ambassadors. "This is a message for U.S. politicians so they understand Venezuela's desire to normalize relations ... via the designation of the highest diplomatic authorities," he said. "Why? Because the United States remains our top trade partner."

#### US-Venezuelan relations are on upswing – reset after elections and communications prove

**Wroughton 6-5-13**

(Lesley Wroughton, “U.S., Venezuela to find ways to forge positive relations: Kerry”, <http://www.reuters.com/article/2013/06/05/us-usa-venezuela-idUSBRE9541EG20130605> SP)

U.S. Secretary of State John Kerry said on Wednesday he and Venezuelan Foreign Minister Elias Jaua had agreed to find new ways to forge positive relations between their two countries, long at political loggerheads. Kerry welcomed as a "positive development" Venezuela's decision to release from prison an American filmmaker arrested in April on accusations of spying for Washington. Washington has angered Venezuela's government by holding back recognition of new President Nicolas Maduro, the chosen successor of late socialist leader Hugo Chavez. "We agreed today, both of us, that we would like to see our countries find a new way forward, establish a more constructive and positive relationship," Kerry said after a meeting with Jaua on the sidelines of a meeting of the Organization of American States in Antigua, Guatemala. "To that end, we agreed today there will be an ongoing, continuing dialogue between the State Department and the Foreign Ministry, and we will try to set out an agenda by which we agree on things we can work together."

### AT They say “Chavez death doesn’t change US Venezuelan relations”

#### Dynamic changed – Chavez death and economic pressures alter Maduro’s calculations

**Stratfor Jun 6 2013**

<http://www.stratfor.com/analysis/potential-opening-us-venezuelan-relations> accessed 7/2 tm

A recent meeting between the chief diplomats of the United States and Venezuela could signify a gradual end to their countries' estrangement. Venezuelan Foreign Minister Elias Jaua and U.S. Secretary of State John Kerry met on the sidelines of the Organization of American States summit in Guatemala on June 5 -- the first time senior officials from the countries have met since 2009. Relations between Venezuela and the United States cooled dramatically in 2002, when Washington publicly supported a coup attempt against former Venezuelan President Hugo Chavez. Caracas continued to antagonize Washington in part because hostile rhetoric proved useful in propagating the nationalist ideology espoused by Chavez.¶ But Chavez's death in March changed Venezuela fundamentally, and newly elected President Nicolas Maduro is struggling to live up to his predecessor's legacy. For now, economic interests will drive Washington and Caracas to at least talk about resuming diplomatic relations, although several issues will prevent them from reconciling entirely.

### AT They say “Snowden asylum guts relations”

#### Oil pivotal element of US –Venezuela relations

**LaFranchi 13** (Howard LaFranchi, diplomatic correspondent at Christian Science Monitor, “Hugo Chavez era ends: Will US-Venezuelan relations improve?; Hugo Chavez passing may intensify the US dialogue with Venezuela on several key issues, including counterterrorism and energy. But many expect healing to take time.”, Christian Science Monitor, 3/5/2013, LexisNexis, GU)

"I think Venezuela does care about [its relations with the US]," says Miguel Tinker Salas, a professor of Latin American studies and Venezuela specialist at Pomona College in Claremont, Calif. "Even under Chávez there was talk of hoping to see a rapprochement, and I think most Venezuelans feel there is nothing to be gained from maintaining a contentious relationship."¶ In fact, the Obama administration established more-intense lines of contact with the Venezuelan government in December, when it became clear Chávez would not return quickly from medical treatment in Cuba. The contacts suggested the administration held out hope of better relations with Venezuela, but administration officials were also clear that the US was not aiming to tip an eventual political transition a certain way.¶ The US seeks "a more functional, more productive relationship with Venezuela," said State Department spokeswoman Victoria Nuland in January, adding that America is "open to dialogue on a range of issues of mutual interest."¶ The US is keen to intensify the dialogue with Venezuela on a number of key issues, State Department officials say, including counternarcotics and counterterrorism efforts, energy, and governance and rule-of-law issues.¶ As for any eventual political "transition [or] succession," Ms. Nuland said the only US demands were that "it's got to be constitutional and it's got to be decided by Venezuelans."¶ No doubt, the US will continue to debate how far to go in criticizing Venezuela's record on upholding basic democratic principles.¶ "It's sad the US has not been more public with its concerns" about Venezuela's adherence to democratic principles and a concentration of powers under Chávez, Chris Sabatini, editor in chief of Americas Quarterly, told a Washington audience in January.¶ That call for a more robust US critique of Venezuela's political evolution was mild compared with the views expressed by a former US ambassador to Venezuela, Patrick Duddy, in a September 2012 article for the Council on Foreign Relations. In the article, he urged the US to consider swift economic sanctions and punitive action at the Organization of American States and the United Nations Security Council if the Venezuela election the following month was illegitimate.¶ Chávez's easy reelection ended such calls. But a view that the Obama administration has pursued a hands-off approach to what is widely perceived as Venezuela's retrenchment from democratic principles and rights will probably emerge from dormancy as the country shifts to post-Chávez rule.¶ One thing that is likely to keep the two countries talking, just as it was the last glue that kept them from splitting, is oil.¶ The US may import less oil from Venezuela than it did a decade ago, but it is still the fourth largest supplier to the US market. And there's a reason Chávez - virulently anti-American yet realistic - never cut off oil sales to the US.¶ As regional energy analysts point out, it's really the US that has kept Venezuela afloat - and able to extend its generous petro-diplomacy to places like Cuba and Nicaragua. That's because the US is the only major purchaser paying market rates for Venezuela's oil. (Major purchaser China pays a discount rate based on a $40 billion loan deal with the Chávez government.)¶ In other words, despite the bad blood of the Chávez years, the two countries need each other - and will continue to as they adjust to the post-Chávez era.¶

#### Diplomatic relations not significant – only the economic ties matter

**Jamison**, Georgetown junior majoring in International Politics, **2013**

(Anne, “Maduro Venezuela: He Won't Usher in a New Era Of U.S.-Venezuela Relations, and That's OK”, Policy MIC, April, <http://www.policymic.com/articles/40027/maduro-venezuela-he-won-t-usher-in-a-new-era-of-u-s--venezuela-relations-and-that-s-ok>, accessed on 7/1/13, BT)

Maduro proceeded to proclaim that Venezuela "[hopes] one day to have respectful relations with the United States, a dialogue between equals, state-to-state."These are, without question, steps in the right direction. They are not, however, reason to assume that diplomatic ties between the U.S. and Venezuela will get their happy ever after. Ultimately, if the 14 years of Chávez proved anything about relations between the two nations, they proved that their economic co-dependent relationship is not dependent on having a stable diplomatic relationship or any diplomatic relationship at all. Keeping that in mind, while both sides would prefer amicable diplomatic relations, they are not a matter of life or death. Their trade relationship is intact, and that is their priority.

### U - US Venezuela relations improving now

#### Despite Venezuelan presidential controversy, Washington and Venezuela are pushing for cooperation

**Wroughton, 2013**

(Lesley, Correspondent at Thomson Reuters, “U.S., Venezuela to find ways to forge positive relations: Kerry,” Reuters, 6-5-13, 7-1-13, http://www.reuters.com/article/2013/06/05/us-usa-venezuela-idUSBRE9541EG20130605)//KC

(Reuters) - U.S. Secretary of State John Kerry said on Wednesday he and Venezuelan Foreign Minister Elias Jaua had agreed to find new ways to forge positive relations between their two countries, long at political loggerheads. Kerry welcomed as a "positive development" Venezuela's decision to release from prison an American filmmaker arrested in April on accusations of spying for Washington. Washington has angered Venezuela's government by holding back recognition of new President Nicolas Maduro, the chosen successor of late socialist leader Hugo Chavez. "We agreed today, both of us, that we would like to see our countries find a new way forward, establish a more constructive and positive relationship," Kerry said after a meeting with Jaua on the sidelines of a meeting of the Organization of American States in Antigua, Guatemala. "To that end, we agreed today there will be an ongoing, continuing dialogue between the State Department and the Foreign Ministry, and we will try to set out an agenda by which we agree on things we can work together." Kerry said he hoped the two countries could move quickly to appoint mutual ambassadors, which they have been without since 2010.

#### Venezuela and U.S. normalizing relations – push for ambassadors proves

**UPI 2013**

(United Press International, “Venezuela sees normal U.S. relations this year,” 6-11-13, 7-2-13, http://www.upi.com/Top\_News/World-News/2013/06/11/Venezuela-sees-normal-US-relations-this-year/UPI-72141370932200/)//KC

CARACAS, Venezuela, June 11 (UPI) -- Venezuela hopes to normalize relations with the United States and exchange ambassadors this year, the country's foreign minister said. "We have agreed [with the United States] on a meeting point, and also that our relationship will be one of mutual respect so that we can appoint ambassadors later this year," Elias Jaua told Spanish newspaper El Pais. The State Department had no immediate comment on Jaua's timetable. U.S. Secretary of State John Kerry announced talks aimed at improving the two countries' relations Wednesday after meeting with Jaua for about 40 minutes on the sidelines of an Organization of American States meeting in Antigua, Guatemala. "We agreed ... both of us, Venezuela and the United States, that we would like to see our countries find a new way forward, establish a more constructive and positive relationship," Kerry said after the Jaua meeting. U.S.-Venezuelan relations have been strained for years. Kerry said he hoped the countries would "quickly move to the appointment of ambassadors." Calixto Ortega, Venezuela's newly named charge d'affaires in Washington, who attended the Guatemala meeting, told The Wall Street Journal the two countries agreed on a plan to normalize ties and resume cooperation on counter-terrorism, anti-narcotics operations and energy. Despite strained relations, the United States imported more than $50 billion in oil from Venezuela last year. The Kerry-Jaua meeting took place at Venezuela's request, U.S. officials said. Jaua told El Pais President Hugo Chavez had pushed for the normalization of relations before he died of cancer March 5 and Chavez' successor, Nicolas Maduro, was carrying out Chavez' wishes. Jaua stressed the relations would be "normalized," not "restored." "We haven't broken relations," he told the newspaper. Washington has not officially recognized Maduro's April 14 victory in a special presidential election. When asked by El Pais if Caracas needed U.S. recognition to normalize relations, Jaua said, "No, it's not necessary," adding recognition or not, Venezuela has "a legitimate and constitutional government." Jaua's Twitter account, however, posted a message a day after the Kerry meeting saying, "Finally Obama recognizes the legitimate government of Maduro," with a link to a Venezuelan news website story whose headline said the same words but ended with a question mark. Even after normalized relations, Washington intends to keep on pressing Caracas to ensure democracy and individual freedoms, a U.S. official told the Journal.

#### Venezuelan relations on the rise – foreign minister meetings prove

Nueman 13, (William Neuman, June 5th, 2013, Journalist for the New York Times, Kerry Meets with Official of Venezuela to Set Talks, <http://www.nytimes.com/2013/06/06/world/americas/venezuela-frees-tim-tracy-jailed-us-filmmaker-and-expels-him.html?_r=0>)

CARACAS, Venezuela — After months of tensions between the United States and Venezuela, Secretary of State John Kerry met on Wednesday with the Venezuelan foreign minister, Elías Jaua, in Antigua, Guatemala, and announced the start of talks aimed at improving relations between the two countries. The overture came after another hopeful sign, Venezuela’s release from jail and subsequent expulsion of an American documentary filmmaker who had been accused of seeking to undermine the government. The filmmaker, Tim Tracy, was put on a commercial flight to Miami on Wednesday morning.¶ “We agreed today, both of us, Venezuela and the United States, that we would like to see our countries find a new way forward, establish a more constructive and positive relationship,” Mr. Kerry said after meeting with Mr. Jaua on the sideline of a session of the General Assembly of the Organization of American States. American officials said Venezuela had requested the meeting. Appearing separately, Mr. Jaua said, “We have faith and confidence that this meeting marks the start of a relationship of respect.”

#### Relations are a top priority - Kerry meeting proves

**Meacham**, *director of the Americas Program at the Center for Strategic and International Studies (CSIS) in Washington, D.C. Pamela Pamelá, intern scholar with the Americas Program at CSIS, provided research assistance,***2013**

(Carl, “The Kerry-Jaua Meeting: US-Venezuelan Relations”, CSIS, June 21, <http://csis.org/publication/kerry-jaua-meeting-resetting-us-venezuela-relations>, accessed on 7/1/13, BT)

On June 5, Secretary of State John Kerry raised eyebrows when he met with his Venezuelan counterpart, Foreign Minister Elías Jaua. Both were in Guatemala to attend the recent General Assembly of the Organization of American States (OAS). The pair’s meeting was the first high-level public meeting between the two countries since U.S. president Barack Obama and former Venezuelan president Hugo Chávez shook hands and had a brief exchange at the fifth Summit of the Americas in 2009.

The Venezuelan government requested the meeting, which lasted 40 minutes and was followed by the announcement that the governments would embark on high-level talks aimed at improving bilateral relations. Of particular note, both sides expressed hope that the reciprocal appointment of ambassadors would take place in short order; Chávez expelled the U.S. ambassador in 2008 and the United States retaliated in kind.All of this is complicated by the outcome of the Venezuelan presidential election on April 14. The official results have named Nicolás Maduro the winner, having beaten opposition leader Henrique Capriles by a slim 1.5 percentage points—though the opposition continues to contest both the results and the audit.

### US Venezuela Relations Good Impacts – regional conflict

#### US Venezuela relations key to address regional problems and improve other countries relationships

**Stratfor Jun 6 2013**

<http://www.stratfor.com/analysis/potential-opening-us-venezuelan-relations> accessed 7/2 tm

The most Relations have been tense for the past decade, but the hostilities were relatively one-sided. The United States does not really benefit from antagonizing Venezuela, though that has not always been the case. For its part, Caracas benefited from anti-U.S. posturing because it helped ingratiate Venezuela with countries such as Iran, China and Russia that also had volatile relations with Washington. Promoting itself as a major oil exporter that opposed the United States also helped Venezuela's image in the eyes of these countries. But now, both countries would benefit from a detente. Despite its small size and weak military, Venezuela is a relatively powerful player in the Caribbean basin and [a country of geopolitical interest to the United States](https://www.stratfor.com/node/194282). Improved relations with Venezuela would relieve some tensions between the United States and other countries in Latin America and the Caribbean.

### US Venezuela Relations Good Impacts – counter terrorism

#### US Venezuela relations good- Solves counter-terror efforts

**UPI, 2013**

(“Venezuela Sees Normal US Relations this year”, June 11, <http://www.upi.com/Top_News/World-News/2013/06/11/Venezuela-sees-normal-US-relations-this-year/UPI-72141370932200/>, accessed on 7/2/13, BT)

Venezuela hopes to normalize relations with the United States and exchange ambassadors this year, the country's foreign minister said."We have agreed [with the United States] on a meeting point, and also that our relationship will be one of mutual respect so that we can appoint ambassadors later this year," Elias Jaua told Spanish newspaper El Pais.The State Department had no immediate comment on Jaua's timetable.U.S. Secretary of State [John Kerry](http://www.upi.com/topic/John_Kerry/) announced talks aimed at improving the two countries' relations Wednesday after meeting with Jaua for about 40 minutes on the sidelines of an Organization of American States meeting in Antigua, Guatemala."We agreed ... both of us, Venezuela and the United States, that we would like to see our countries find a new way forward, establish a more constructive and positive relationship," Kerry said after the Jaua meeting.U.S.-Venezuelan relations have been strained for years.Kerry said he hoped the countries would "quickly move to the appointment of ambassadors."Calixto Ortega, Venezuela's newly named charge d'affaires in Washington, who attended the Guatemala meeting, told The Wall Street Journal the two countries agreed on a plan to normalize ties and resume cooperation on counter-terrorism, anti-narcotics operations and energy.Despite strained relations, the United States imported more than $50 billion in oil from Venezuela last year.The Kerry-Jaua meeting took place at Venezuela's request, U.S. officials said.Jaua told El Pais President [Hugo Chavez](http://www.upi.com/topic/Hugo_Chavez/) had pushed for the normalization of relations before he died of cancer March 5 and Chavez' successor, [Nicolas Maduro](http://www.upi.com/topic/Nicolas_Maduro/), was carrying out Chavez' wishes.Jaua stressed the relations would be "normalized," not "restored.""We haven't broken relations," he told the newspaper.

#### Latin American requires U.S. counter-terrorism cooperation

**Sullivan and Beittel 2013** (Mark and June, Specialist in Latin American Affairs and Analyst in Latin American Affairs, “Latin America: Terrorism Issues,” 4-5-13, 7-2-13, http://digitalcommons.ilr.cornell.edu/cgi/viewcontent.cgi?article=2063&context=key\_workplace)//KC

In terms of Latin American countries’ abilities to combat terrorism, the State Department maintained in the terrorism report that regional governments “took modest steps to improve their counterterrorism capabilities and tighten border security” but that progress was limited by “corruption, weak government institutions, insufficient interagency cooperation, weak or nonexistent legislation, and a lack of resources.” The State Department lauded Mexico in its report, maintaining that regular exchange of intelligence and information with Mexico was crucial in thwarting an Iranian plot in 2011 targeting the Saudi Ambassador to the United States that involved attempting to enlist criminal elements from a Mexican drug trafficking organization. The State Department also cited the Inter-American Committee Against Terrorism (CICTE) at the Organization of American States as important for U.S. cooperation on terrorism with the region. The State Department currently lists two Latin American countries—Cuba and Venezuela—on its annual list of countries that are not “cooperating fully with United States antiterrorism efforts” pursuant to Section 40A of the Arms Export Control Act. The most recent annual determination was made in May 2012.2 In addition, since 1982, Cuba has been on the State Department’s state sponsors of terrorism list pursuant to Section 6(j) of the Export Administration Act (EAA) of 1979. The state sponsors of terrorism list is not an annual list. Rather, countries remain on the list until either the President or Congress takes action to remove a country. The EAA sets forth procedures for the President to remove a country from the list.

### US Venezuela Relations Good Impacts – Iran

#### US-Venezuela Relations Good - US pressures Venezuela to impose sanctions on Iran

**Borger**, CNN Chief Political Analyst, **2013**

(Gloria, “US open to ‘more constructive relationship’ with Venezuela”, CNN, March 6, <http://www.cnn.com/2013/03/05/politics/venezuela-chavez-u-s->, accessed on 7/3/13, BT)

However, given what occurred on Tuesday regarding charges by Venezuela against two U.S. Embassy attaches, the official said "we need to see more than we saw today."The Americans were accused of plotting to destabilize the country, which the State Department dismissed.The administration official believes, however, it is "counterproductive to be at odds" with the Venezuelan government.Another administration official said expulsion of the U.S. military aides was a sign the Venezuelan leadership is feeling "uncertain, unsure and weak," and that a more constructive relationship with the United States was "really up to the Venezuelans if they want that."But senior American officials don't expect the relationship to change dramatically in the short term primarily because Chavez's system still exists. Chavez: From failed coup to presidency 2006: Chavez calls Bush 'the devil' Venezuela's future after Chavez The relationship between Chavez and U.S.Opinion: Chavez used force of personality to win votes, influence leadersThe United States, these officials say, will want to see a break with that and movement toward a democratic process.The officials believe that Chavez adherents led by Maduro will want to maintain the same approach, but could be more pragmatic and less confrontational.However, there are strong anti-Venezuelan views on Capitol Hill and it would be difficult to confirm an ambassador. That could change if there is cooperation on issues like counter-narcotics or counter-terrorism, the officials said.The Obama administration is expected to try and get Venezuela to impose sanctions on Iran, which the country has repeatedly violated, they added.Latin American experts believe Chavez's death could change the dynamic in the region, not only between the United States and Venezuela, but also among Latin American countries.Robert Menendez, chairman of the Senate Foreign Relations Committee, said that Chavez ruled "with an iron hand" and his death has left a "political void that we hope will be filled peacefully.""With free and fair elections, Venezuela can begin to restore its once robust democracy and ensure respect for the human, political and civil rights of its people," the New Jersey Democrat said.¶

# Answer to Answer Blocks //Off case answers

## Answer Political stability DA

#### Non- unique - Maduro faces challenges – eroding democratic reforms PSUV proves plan can’t overcome

\*PSUV = Maduro political party

**Chronicle Herald , 7/7/13**

“Circus without a Ringmaster” <http://thechronicleherald.ca/world/1140172-a-circus-without-a-ringmaster> accessed 7/7 tm

Managing these rival factions has forced the PSUV to suspend internal party democracy. Grass-roots Chavista radicals had backed Saman’s bid to run for mayor of Caracas, but party leaders — seeing Saman as a loose cannon — ruled out holding a primary that he might have won. Now the PSUV has canceled all the primaries that were to have been held ahead of local elections, which themselves have been postponed until Dec. 8. It remains to be seen whether choosing candidates by executive fiat will ruffle fewer feathers than the primaries would have done.

#### Link turn – democracy

#### a. US economic engagement key to Maduro push for democracy

Pagano 2013 (James Pagano is a contributing writer to the Truman Doctrine, 3-18-13, “Moving Venezuela to the Center” <http://trumanproject.org/doctrine-blog/moving-venezuela-to-the-center/> SP)

The United States must support the democratic process and engage the likely winner of April’s election, Chavez’s chosen successor, Nicolás Maduro. He will have a real opportunity to put Venezuela back on the path to a free-market democracy. The next president will face an extremely politicized Supreme Court and military and reforms are likely more palatable if made by Maduro. Changes to apportionment, food subsidies or tax rates coming from Enrique Capriles (the opposition candidate) could spark a legal challenge from the supreme court; or worse, opposition from the military. What should the U.S. role be? It must work with its Latin American allies in the region, Chile, Brazil, Colombia and Mexico to gently pressure Maduro into making the types of institutional and economic changes necessary for Venezuela to prosper. Failure to do so could lead to the reemergence of authoritarianism in Latin America, instability in world oil markets and serious regional security repercussions.

#### b. Decrease in democracy leads to a decrease in stability- studies show that citizens are more willing to take risks when they believe they have less freedom

**Sheafer and Shenhav 12** (Tamir Sheafer, the Department of Political Science, The Hebrew University, and Department of Communication, Hebrew University, Shaul Shenhav, the Department of Political Science, the Hebrew University, “Political Culture Congruence and Political Stability: Revisiting the Congruence Hypothesis with Prospect Theory”, Journal of Conflict Resolution, 5/24/2012, <http://jcr.sagepub.com/content/57/2/232>, accessed 7/3/2013, GU)

The idea that incongruence between political institutions and citizens’ values would lead to instability, namely the cultural congruency hypothesis, has existed for decades. So has the great concern of policy makers about it, usually in the context of democracy promotion and its effect on political stability. Only recently, however, has the concept of cultural congruence been empirically tested. A way to measure congruence was suggested by Inglehart and Welzel (2005), who proposed an elegant empirical method to measure levels of cultural incongruence as the difference between the supply of and demand for freedom. Our study uses their framework in order to develop an empirical examination and hence a conceptual understanding of the cultural congruence hypothesis.¶ The present study makes two main contributions: the first is a theoretical revision of the cultural congruence hypothesis and the second is empirical support for the revised hypothesis. Another contribution is the interaction found between cultural congruence and the alternative institutional hypothesis.¶ The original cultural congruence hypothesis maintained that the greater the congruence between individual democratic values and the level of democracy of political institutions, the greater the country’s political stability will be, and vice versa. But relying on prospect theory, which in our opinion is still not used enough in comparative politics, we argue that a crucial weakness of this hypothesis is that it is blind to the direction of incongruence. According to prospect theory, it is unlikely that a public would be willing to risk stability in a similar manner when receiving more or less democracy than they asked for. It is actually expected that they would behave quite the opposite in the two scenarios: those receiving less democracy than they asked for perceive themselves to be in a loss condition and are therefore more likely to be risk seekers, while those receiving more democracy than they asked for are in a gain condition and are hence expected to be risk averters. When it comes to political stability, these different scenarios matter greatly. Simply put, citizens are more willing to go on the streets, demanding a change in status quo, and hence risk stability, when they feel that they have less freedom than they want in comparison with a situation in which their state gives them more freedom than they want. We therefore present a revised hypothesis, according to which the negative effect of any additional unit of cultural incongruence on political stability is stronger among countries that are in a loss condition (demand surplus) than among countries that are in a gain condition (demand deficit).

#### Non – unique Venezuela human rights abuses now, freedom of press violations prove Chavez’s death changes nothing.

**Hidalgo 2013**

(Juan Carlos, a Policy Analyst on Latin America at the Center for Global Liberty and Prosperity, “Globovisión: The Latest Casualty in Venezuela’s Assault on Freedom of the Press”, Cato Institute, March 14th 2013, http://www.cato.org/blog/globovision-latest-casualty-venezuelas-assault-freedom-press, accessed 7/1/13, JK)

After years of harassment by the authorities, Globovisión, the last remaining independent TV station in Venezuela, will be sold to a business group close to the government. This unfortunate development shows that the threat to freedom of the press—and to all other civil liberties in Venezuela—will not go away with the death of Hugo Chávez. In recent years Globovisión suffered stiff fines and administrative proceedings that crippled its viability as a private business. The TV station incurred in these fines because of ludicrous reasons, such as reporting an earthquake (which the government claims contributed to creating public panic) or their coverage of Venezuela’s staggering crime wave (which the authorities said “promoted hatred for political reasons that generated anxiety in the population.”) Moreover, its license was due to expire in 2016, and there were good reasons to believe that the government would not renew it, as it ocurred in 2007 with RCT, until Venezuela’s then largest independent TV station. Globovisión’s owner, Guillermo Zuloaga, who is also a Cato Fellow on Free Speech, is a true hero of freedom of the press in Venezuela. For many years he fought against president Chávez and his government for the survival of his business, even facing arrest and now exile. In 2009 Cato held a policy forum on the intensifying assault on freedom of the press in Venezuela, where the future of Globovisión featured predominantly. Unfortunately, that assault has claimed another victim.

## A2 Russia DA (Russia good version)

### Russian influence in Venezuela Low Now

### Losing influence now

#### Non – unique - Russia Losing Influence Now – Chinese Influence Increasing

Bovt 3/13/13,

(Georgy Bovt, ournalist, political scientist, co-chairman of the Party 'Right Cause'. “Russia put all of its eggs in Chavez’s basket”, The St. Petersburg Times, 7/2/13, SS, <http://www.sptimes.ru/story/37080>)

Now that Chavez is gone, the one factor that has always worked against Russia — its lack of technological innovation — will play an even larger role in Venezuela turning to China instead of Russia for military and technical cooperation. What’s more, with deepening economic difficulties and a resultant currency shortage, Venezuela might have trouble paying off its large debt to Russia.¶ Russian oil companies should expect even more serious problems. State-owned Rosneft has already signed a contract with the Venezuelan state-owned PDVSA oil company to develop the Carabobo-2 heavy oil field in the Orinoco River basin as part of a joint venture in which Rosneft holds a 40 percent stake. Rosneft is also part of a consortium with LUKoil, TNK-BP and Gazprom Neft that is working on the Khunin-6 project, also in the Orinoco River basin. Those companies were required to pay the Venezuelan government $1 billion each just for the right to join the projects, and according to various estimates, their additional combined investment over many years will reach $40 billion. It seems that there is more politics than profit behind these projects for two reasons. First, it is strange for Russian oil companies to invest tens of billions of dollars in a country with an unpredictable future, especially when similar projects at home are terribly underfunded. Second, it has always been extremely difficult to work in Venezuela, and all the more so now that Chavez, Moscow’s loyal friend and ally, has died. Chavez did not leave the country in the best condition. He doubled the size of the bureaucracy, which brought corruption and inefficiency to such high levels that the country is on the brink of collapse. The country’s infrastructure is in ruins, and foreign companies might be forced one way or another to finance expensive infrastructure programs from their profits. Notably, Rosneft head Igor Sechin, who attended Chavez’s funeral last week, spoke with acting President Nicolas Maduro regarding the delicate issue of that country’s unfulfilled contractual obligations to other Russian companies, including RusHydro. Russia might not have enough political and economic leverage to influence the behavior of the new Venezuelan leadership, whichever happens to emerge. Of course, Moscow prefers Chavez’s hand-picked successor, Maduro, who is favored to win the election. But under the pressure of mounting economic problems, Maduro might take a more balanced and pragmatic approach, including subduing anti-U.S. rhetoric and turning to the U.S. and China for investment and large contracts.¶ Russian-Venezuelan relations could be complicated even further if opposition leader Henrique Capriles Radonski wins the presidential election on April 14. Even if Maduro wins, relations with Moscow will probably deteriorate all the same. Russian-Venezuelan relations are fundamentally fragile. Compare them to the long and well-developed relationship between Cuba and Venezuela. Cuba has sent about 40,000 workers to Venezuela, including more than 5,000 specialists in sports, health care and education, and has acted as the initiator and co-participant in many important social projects. Simply expelling such a partner like Cuba would be difficult, even if a right-wing leader were to come to power, because that relationship is deeply woven into the fabric of Venezuela’s economic and political life. But since the collapse of the Soviet Union, Russia has showed little enthusiasm for large-scale programs designed to build a broad base in other countries.¶ Notably, China has taken this broad approach toward building relations with developing states like Venezuela, and as a result, Beijing enjoys a steadily growing economic presence in those countries, even when ruling regimes change. In contrast, Moscow continues to focus its bilateral relations on top leaders and their small inner circles in these countries. This might be fine as long as they remain in power, but as soon as they are gone, Russia risks losing political capital and billions of dollars in contracts.

### Uniqueness overwhelms the link – not tradeoff

#### No change in Russia-Venezuela economic engagement despite change in leadership

**ITAR-TASS 13** (“Change of power in Venezuela to cause no big change in relations with Russia-analyst”, 3/6/2013, <http://www.itar-tass.com/en/c154/669227.html>, 7/1/13, GU)

The change of power in Venezuela following the death of President Hugo Chavez is unlikely to bring about any radical change in economic relations with Russia, the deputy director of the Latin America Institute under the Russian Academy of Sciences, Nikolai Kalashnikov, has told ITAR-TASS on Wednesday.¶ He said "Russian projects in Venezuela are being implemented by our public and private companies, which in the first place pursue economic interests, and not political ones, so for that reason Chavez's death is unlikely to influence economic relations between the two countries."¶ About the likely political developments in Venezuela in the near future Kalashnikov said "with a great degree of probability the current vice-president Nicolas Maduro will emerge the winner."¶ "At this point there are no reasons to say that Venezuela's foreign policy will undergo great change after he takes over," Kalashnikov said.¶ As Russian Economic Development Ministry has told ITAR-TASS, Russia's trade with Venezuela in 2012 was up 12.1 percent in contrast to 2011 to reach 1,944.7 million dollars. Russia's export reached 1,943.9 million dollars (going up 1.1 percent), while import reduced to 0.8 million dollars. Russia's trade surplus in trade with Venezuela in 2012 stood at 1,943.1 million dollars.

### Increasing influence now

#### Russian-Venezuelan relations strong now - Military-technical cooperation

**ITAR-TASS 13** (“Russia to maintain strong military cooperation with Venezuela”, 2/13/2013, LexisNexis, 7/1/2013, GU)

Whoever holds the power in Venezuela, its military-technical cooperation with Russia will remain unchanged, the director-general of Russia's top arms exporter Rosoboronexport, Anatoly Isaykin, told a news conference on Wednesday.¶ "Whoever comes to power in Venezuela, I am confident that the effective volumes of that country's military-technical cooperation with Russia will remain in the future as they are," he said.¶ "As concerns our military-technical cooperation with Venezuela, we have very good relations," he said. "All contracts are being fulfilled and we have no doubts that they will be fulfilled in the future as well."¶ Isaykin explained even if the opposition comes to power, large-scale Russian-Venezuelan military-cooperation will remain unchanged, as it is of special importance for ensuring Venezuela's security and developing its national economy.¶ He recalled his recent visit to Venezuela in the absence of President Hugo Chavez who is undergoing cancer treatment abroad.¶ "Talks with the country's top officials demonstrated their positive attitude to further development of our military-technical cooperation," Isaykin said.

#### Russian-Venezuelan oil trade is high now- not evidence that any change in US investment will hurt Russia ability to work with Venezuela. Our inherency evidence proves there is room for everyone

**ITAR-TASS 13** (“Russia oil companies Venezuela’s main partners-minister”, 1/30/2013, LexisNexis, 7/1/2013, GU)

Russian companies are among Venezuela's major partners in oil production, Petroleum and Mining Minister of Venezuela Rafael Ramirez stated summing up results of negotiations with a Russian delegation led by President of Rosneft Igor Sechin that were held on Tuesday.¶ The minister, who also heads the state oil company Petroleos de Venezuela, noted that Rosneft is becoming the leader-operator of the project to develop the Junin-6 block in the Orinoco Oil Belt, where the largest in the world oil and gas reserves are concentrated. To date, joint Venezuelan-Russian enterprises are producing already 230 thousand barrels of oil daily, and by 2019 the volume of the joint daily production is to grow to 930 thousand barrels. By this time, the amount of joint investment is expected to reach nearly 47 billion US dollars, said Ramirez. Of this amount, Russia's investment is 17.6 billion US dollars, owing to which "Russian companies are among the major partners of Venezuela in oil production."¶ "The Russian Federation is the largest oil producer in the world and its technology will help Venezuela to efficiently expand its oil and gas production," he said. Thanks to the bilateral cooperation by 2012 the joint production in the area of the Orinoco Oil Belt is to exceed the threshold of 1 million barrels of oil per day. Ramirez particularly nnoted Rosneft's proposal made during the talks on training in Russia of Venezuelan experts to upgrade their skills.

### No internal link – no Russia influence coming

#### Russian-Venezuelan cooperation will be limited --- won’t create more international influence

Christou 13 – London School of Economics and Political Science with an MSC in International Relations.  (April 21, 2013, “Russia and Venezuela after Chavez” <http://blog.futureforeignpolicy.com/2013/04/21/russia-and-venezuela-after-chavez/>)

<So the future of Russo-Venezuelan relationship depends on two things. One is how Nicolas Maduro chooses to pursue his foreign policy should he win the upcoming election, which looks ever more likely. The other, and more important factor, is the international events which occur in the near and further future.  The unfolding North Korean crisis suggests that [Russia may co-operate](http://www.presstv.ir/detail/2013/04/03/296264/us-calls-on-china-to-restrain-n-korea/) with the US to achieve de-escalation, continuing its quest for greater involvement in the Korean Peninsula which will also allow it to influence events and be seen as a mediator. Obviously Venezuela holds less clout internationally, but in the case of a Maduro victory it seems likely that anti-US rhetoric will continue. As such, all indications point to continued Russo-Venezuelan co-operation, in the spheres of trade and energy, however that the relationship will evolve to one with greater international influence seems unlikely. Instead, it suits both parties to focus on their co-operation at the micro-level. This allows Russia influence in South America, a trade market and access to Venezuela’s highly sought after energy supplies. For Venezuela it means the access to arms, but more importantly the claim to a major international ally. In all it is a relationship of convenience for both and one which looks set to continue.>

#### Venezuela Relations with Russia are gone with Chavez

Tarasenko and Safronov 13 (March 11, 2013, “Will Russia’s Cozy Relationship with Venezuela Die with Chavez” <http://www.worldcrunch.com/world-affairs/will-russia-039-s-cozy-relationship-with-venezuela-die-with-chavez-/venezuela-chavez-russia-oil-military-trade-weapons/c1s11149/>)

¶ <Nicolas Maduro said that America’s military attaché, David Delmonaco, would be removed because he was destabilizing the country. A couple of hours later, the vice-president was on the TV again. “Commandante Hugo Chavez died at 4:25 p.m. local time,” he announced with a shaky voice, and called on Venezuelans to come together and wipe away their tears. “Viva Hugo Chavez,” he said, raising his fist in a symbol of victory.¶ Thousands of people filled the streets in Caracas, and Venezuela entered a weeklong national mourning. Chavez was buried on Friday, and Russia sent the head of [Rosneft](http://en.wikipedia.org/wiki/Rosneft" \t "_blank) energy giant Igor Sechin, Minister of Industry Denis Manturov and the general director of Rostechnology.¶ Now Venezuela is preparing to elect a new president. No matter who wins, whether it is Chavez’s designated successor or the opposition candidate, experts say that there will likely be serious changes.¶ “No new government is going to continue the sharp anti-Americanism that Chavez governed with," explained Fedor Lukyanov, a representative of the Russian Council on Foreign Relations. "[If Maduro wins](http://worldcrunch.com/world-affairs/meet-the-former-bus-driver-who-could-take-over-for-cancer-stricken-hugo-chavez/maduro-ch-vez-cancer-cabello-psuv-candidate/c1s10367/" \t "_blank), the relationship between Caracas and Washington will improve. If the opposition wins, then the country will totally reorient itself towards the United States.” ¶ [The Kremlin](http://worldcrunch.com/world-affairs/top-kremlin-foe-dies-of-aids-after-prison-ordeal-raising-human-rights-questions/c1s3877/" \t "_blank) has expressed hope that “the positive and constructive Russian-Venezuelan relations will remain unchanged.” But Lukyanov is convinced to the contrary: “The 2000s were an anomaly, when Venezuela became one of Russia’s most important world trade partners, and that anomaly is unlikely to survive Chavez’s death, because it was connected to Chavez personally, to his personal political views and ambitions.”¶ Another experts says: “many of the agreements between Caracas and Moscow will remain, at least on paper, but others will likely be revisited.” ¶ <Vladimir Semago, the vice-head of the Russian-Venezuelan Commerce Council is even more emphatic. “Now that Hugo Chavez is gone, all of this pretense of friendship with Venezuela will go, too,” he told Kommersant. “There was never any real partnership between our countries, there were only attempts to convince Russians that Moscow was colonizing Latin America, like it did in Africa during [Soviet times](http://worldcrunch.com/tech-science/estonia-how-a-former-soviet-state-became-the-next-silicon-valley/tallinn-skype-developers-internet-high-tech/c4s10988/" \t "_blank).”¶ According to Semago, one of the most ambitious projects – the creation of an oil consortium that is a partnership between the Russian national companies and the Venezuelan oil company – is a “total myth.”¶ “The consortium was never allowed to do anything and never accomplished anything. There were only ever two Russian companies that were interested, anyway,” Semago explained. ¶ There are even more questions about the future of Russian-Venezuelan military partnerships, because those deals were always intimately connected to Chavez himself. When Chavez visited Moscow in 2004, he signed the first two major military contracts, for over $550 million worth of [military equipment](http://worldcrunch.com/culture-society/in-putin-039-s-russia-a-modern-return-of-the-ultra-patriotic-cossacks/russia-cossack-military-unit-ussr/c3s10879/" \t "_blank). “The work was hard, but as soon as Chavez got involved, it was like there was suddenly understanding on both sides,” said a source familiar with the negotiations. “And in all of the subsequent weapons negotiations he took a very direct role.” ¶ In 2011, Chavez was able to get an agreement for Russia to extend a $4 billion dollar credit to Venezuela for weapons purchases. “Even though extending this credit was basically suicide, we still did it, because it was important for us to maintain a good relationship with Caracas,” explained a source in the Federal service for military partnerships. “But when it became clear that you couldn’t have a dialogue with anyone but Chavez himself, the other members of the Venezuelan delegation stopped making an effort to work with us.” >

#### Russia’s involvement superficial

Blank, 10 --- Research Professor of National Security Affairs Strategic Studies Institute U.S. Army War College (4/13/2010, Stephen J., “Russia and Latin America: Motives and Consequences,” <https://umshare.miami.edu/web/wda/hemisphericpolicy/Blank_miamirussia_04-13-10.pdf>, JMP)

Still, while Russia will continue expanding its ties to Latin America, Russia’s capacities for deep involvement are less than it wants, as is Latin American states’ ability to support Russian goals. This is especially true for countries like Venezuela that depend on energy or commodities revenues, as their capabilities have also declined due to the global economic crisis. Thus Russia will only partially, if at all, meet Latin American expectations for support, even in stricken economies like Cuba.5 Likewise, Russian companies charged with developing relations with Latin America recently acknowledged that little or no economic expansion will occur anytime soon. For example, even though Russia and Venezuela ostentatiously agreed to create oil and gas companies, Russian companies have few liquid assets for investing in Latin America.6 Indeed, Russia habitually makes grandiose claims and then fails to implement them, as we can see in Moscow’s energy programs in Siberia, the Far East and Central Asia.7 Not surprisingly, even Venezuela displays skepticism about Russia’s ability to transform its ties to Venezuela, which are mainly in arms sales, into a relationship based on large-scale investment and diplomatic coordination.8

## A2 Brazil DA

#### Link turn – US Relations with Venezuela key to prevent Brazil backlash

**Smilde 6-6-13**

(David Smilde is a senior fellow at WOLA specializing in Venezuela. “Breakthrough in US Venezuela Relations”, <http://venezuelablog.tumblr.com/post/52310436992/breakthrough-in-us-venezuela-relations> SP)

The events of the past month and a half have made it hard to remember that rapprochement was in the air shortly before the April elections. The US does not have a big interest in conflict with Venezuela—a major oil supplier and consumer of US goods and services. Conflict with Venezuela does not facilitate relations with regional heavyweights like Brazil and Argentina that value their relationship with Venezuela. It also puts the US in an awkward “friend of my enemy is my friend" position with its main ally in the region, Colombia.

## A2 They say “Iran influence in Venezuela bad”

#### Link turn – increase Venezuelan oil exports trades off with Iran export – creates competitive relationship

**Fox News Latino, 2013 –**

(“Venezuela Bumps Up Oil Exports Thanks To Sanctions on Iran”, Fox News Latino, June 14, http://latino.foxnews.com/latino/news/2013/06/14/venezuela-bumps-up-oil-exports-thanks-to-sanctions-on-iran/, accessed on 7/3/13, BT)

The recent string of sanctions against Iran by the United States and the European Union has unwittingly given a boost to the Middle Eastern nation’s closest ally in Latin America.Venezuela has quietly taken advantage of the sanctions against Iran to scoop up some of the market that it has lost in booming Asia, particularly in China and India.“It is ironic,” [Robert McNally, a former White House oil official, told the Financial Times](http://www.ft.com/cms/s/0/47e7fad8-cdc3-11e2-8313-00144feab7de.html" \l "axzz2WC96PGRq" \t "_blank)http://global.fncstatic.com/static/v/all/img/external-link.png. “But as sanctions drive Iranian oil off the market, it would be unreasonable to expect even Tehran’s friends like Venezuela to forgo opportunities to replace those barrels.”Over the past two years, Venezuela has expanded its reach in China, the world’s second-largest oil consumer, and India –the fourth largest– to almost 1 million barrels of crude a day. The Venezuelan rise has come as Iranian oil exports to those countries have plummeted to around 500,000 barrels a day.Venezuela has the world's largest oil reserves –with estimated 21 billion barrels of oil in reserves in 2011– but production has been falling in the past decade. The government has relied heavily on the country's oil income to fund social programs, and reinvested relatively little of it to exploit new fields and replace depleted ones.The bump it has received from exporting to Asia has aided the government of Venezuelan President Nicolás Maduro, which has struggled since the days of Hugo Chávez to keep checks on its oil industry. An official for the state run Petróleos de Venezuela (PDVSA) said last year that it has to import fuel and components from the United States in order to fulfill contractual agreements and for consumption.While the exports to China and India may help alleviate some of Maduro’s worries, it could offset the political ties between Venezuela and Iran sometime in the future.For now the two nations seem to be on solid terms, with Caracas offering Tehran political and economic support in the wake of the widespread sanctions. This led the U.S. Treasury last month to implement sanctions on the Iranian Venezuelan Bi-National Bank, a financial company originally established as a bilateral joint venture.

#### Iran Influence in Latin America is waning due to sanctions –

**Goodman 13** (Joshua Goodman, reporter for Bloomberg News in Rio de Janeiro, “Iran Influence in Latin America Waning, U.S. Report Says”, Bloomberg, 6/26/2013, <http://www.bloomberg.com/news/2013-06-26/iran-influence-in-latin-america-waning-u-s-report-says.html>, GU)

Iran isn’t actively supporting terrorist cells in Latin America and its influence is waning in the region after almost a decade of promises to increase investment, according to a State Department report.¶ While Iran’s interest in Latin America is a “concern,” sanctions have undermined efforts by the Islamic republic to expand its economic and political toehold in the region, according to the unclassified summary of yesterday’s report.¶ “As a result of diplomatic outreach, strengthening of allies’ capacity, international nonproliferation efforts, a strong sanctions policy, and Iran’s poor management of its foreign relations, Iranian influence in Latin America and the Caribbean is waning,” according to the report.

## AT Renewables trade off

#### No link - Traditional and renewable energies can develop simultaneously

Farnsworth, --- vice president of the Council of the Americas and Americas Society 2013

(Eric, “ENERGY SECURITY OPPORTUNITIES IN LATIN AMERICA

AND THE CARIBBEAN, HEARING BEFORE THE HOUSE COMMITTEE ON FOREIGN AFFAIRS SUBCOMMITTEE ON THE WESTERN HEMISPHERE, 4/11/2013, <http://docs.house.gov/meetings/FA/FA07/20130411/100622/HHRG-113-FA07-Wstate-FarnsworthE-20130411.pdf>, accessed 7/7 tm)

The reality is that the Western Hemisphere is rich in natural en¶ ergy resources. ¶ Latin ¶ America¶ already boasts the world’s cleanest energy matrix, due in large measure to a ¶ reliance on hydropower and the purposeful development of biofuels. Developing clean, ¶ renewable energy resources is a regional priority, and meaning¶ ful ¶ additional ¶ projects in¶ wind and solar are underway. ¶ Nonetheless, traditional fuels will remain critical to meet ¶ both regional and global energy needs for the foreseeable future, and here, too, Latin ¶ America and the Caribbean boast significant resource¶ s. The region is energy rich. Unfortunately, politics ¶ including populist governance and regional rivalries between states, and a sub¶ -¶ optimal investment climate in a number of nations — specifically ¶including a weak and malleable rule of law - has led to sectorial underdevelopment¶ and ¶ unnecessary inefficiencie

# Aff Answers to Maduro Credibility DA

#### No internal link - Maduro wants out of FARC talks- betrayed by Santos

**The Huffington Post 2013**

(“Venezuela's Nicolas Maduro Rethinks Role In Colombia Peace Talks After 'Betrayal',” 5-31-13, 7-10-13, http://www.huffingtonpost.com/2013/05/31/venezuela-colombia-betrayal\_n\_3366830.html)//KC

CARACAS, Venezuela -- Venezuelan President Nicolas Maduro says he now doubts his Colombian counterpart is serious about making peace with FARC rebels. Maduro says he doubts President Juan Manuel Santos' sincerity about a negotiated peace after what he called Santos' "stabbing of Venezuela in the back" by meeting with Venezuela opposition leader Henrique Capriles. Capriles alleged Maduro stole the April 14 presidential election through fraud. Maduro also said late Thursday that he is weighing whether to continue Venezuela's participation in the Cuba-based talks between the Santos government and the FARC, or Revolutionary Armed Forces of Colombia, to end a half-century-old conflict. The parties announced a 20-page agreement Sunday on land reform. After being a longtime FARC haven, Venezuela played a key role in getting the talks launched last year.

#### No link - Too many scandals mean no sustained public attention on Maduro flaws and no pressure for his ouster

**Nagel, 2013**

(Juan “where are the Venezuelan protesters” July 3, 2013 <http://transitions.foreignpolicy.com/posts/2013/07/03/where_are_the_venezuelan_protesters> accessed tm 7/7)

Academics point to several factors as "triggers" of popular mobilizations. Latin American researchers Fabiana Machado, Carlos Scartascini, and Mariano Tommasi [find that](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1548961" \t "_blank) where institutions are strong, they serve as mechanisms for channeling people's frustrations. On the contrary, where institutions lack credibility, people take to the streets to vent their anger. They find that people do so regardless of the strength of individual affiliation to political parties or their relative political extremism. ¶ Obviously, Venezuela's institutions are largely seen as lacking credibility, at least by a significant portion of the populace. Therefore, why aren't people hitting the streets like they are in Brazil, Turkey, or Egypt? If Nicolás Maduro is seen as [illegitimate](http://amanpour.blogs.cnn.com/2013/04/15/capriles-calls-maduro-illegitimate-president/" \t "_blank), why is he still there? ¶ Loyola University political scientist Christopher Martínez has looked at the [reasons](http://www.foreignpolicy.com/files/fp_uploaded_documents/130703_ChristopherMartinez-PRESIDEBILISMO.pdf" \t "_blank) why presidential regimes fall. He says that "*presidebilismo*" -- a term coined from the combination of the Spanish words for weak, "*presidencialismo*" and "*débil*," -- is particularly prevalent in Latin America, a region with a long tradition of presidents falling thanks to the pressure of popular movements. ¶ Martínez claims that presidents that fall to popular pressure tend to have a low share of the vote in legislatures. They also happen to preside over slow-growing economies, and suffer from a particularly acute bout of political scandals. ¶ None of these factors seem to be present in Venezuela. The current government has a strong majority in the National Assembly, and legislative roadblocks are virtually nonexistent. And while the economy is suffering from acute shortages, it seems to be growing -- [barely](http://www.bloomberg.com/news/2013-05-31/venezuelan-economic-growth-slowed-more-than-forecast-to-0-7-.html" \t "_blank), but just enough to stave off most protests. ¶ Finally, the continuous succession of previous scandals in revolutionary Venezuela may help the government survive. No single issue remains in the public consciousness long enough to trigger outrage. Every scandal begets another, bigger scandal, until the population became immune to scandals overall. Just recently, a secret tape recording of a pro-government shock jock [threatened](http://transitions.foreignpolicy.com/posts/2013/05/21/a_secret_recording_shocks_chavismo" \t "_blank) the regime's foundations, but the fallout from was easily contained.

#### Non- unique -- Maduro legitimacy is low now – election foul play and fraudulent victory

**Hidalgo 2013**

(Juan Carlos, a Policy Analyst on Latin America at the Center for Global Liberty and Prosperity, “A Dubious Government Victory in Venezuela”, Cato Institute, April 15th 2013 <http://www.cato.org/blog/dubious-government-victory-venezuela>, accessed 7/1/13, JK)

According to Venezuela’s National Election Council (CNE), Nicolás Maduro, the chavista candidate in yesterday’s presidential election, beat the opposition’s Henrique Capriles by less than 265,000 votes—the narrowest margin in a Venezuelan election since 1968. However, there are good reasons to believe there was foul play. After polling stations closed yesterday, there were numerous reports of irregularities where security forces or armed gangs prevented the opposition from participating in the vote count. Also, even after 98 percent of the votes had been reported, it took the government-controlled CNE five hours to announce the election result. In previous years, when the government won an election, the CNE would quickly announce the results. But when the opposition won the 2007 constitutional referendum, it took the CNE many hours to do so. Moreover, the result seemed to have caught the opposition by surprise. Prior to the announcement, the Capriles campaign seemed optimistic about the results they were receiving from all over the country (the opposition had representatives in most polling stations and they—as long as they were allowed—fed Capriles’ command with information about the vote count at each station). Capriles himself refused to recognize the result, saying that Maduro was the defeated candidate and that the numbers released by the CNE were different from those his campaign had. He demanded a full recount of the votes. Tellingly, Maduro’s victory speech didn’t sound like one. Maduro spent much of his address convincing people he had won fairly. Then he claimed that not recognizing his victory would amount to a coup. He seemed like a man with something to hide. As on October 7th, when the late Hugo Chávez defeated Capriles by a much larger margin, the election wasn’t free or fair. In her column today [requieres suscription] in the Wall Street Journal, Mary O’Grady describes all the challenges that the opposition faced in this election cycle, including the support that Maduro received from Cuba’s security and intelligence apparatus. The fact that, even against those odds, Capriles managed to get 49.07% of the vote and be within a whisker of victory (at least according to the official report) shows that Maduro would’ve most certainly been defeated in a fair election. It is now up to the opposition to document all the irregularities and prove that Maduro’s victory was fraudulent. Responsible governments in the Americas, including the U.S government, should withhold their recognition of Maduro’s victory until a full recount takes place.

#### No internal link - Venezuela Relations with Colombia low means no leverage in talks

**The Economist**, **2013**, “Ostrich diplomacy; Latin America's Venezuela problem”, The Economist Intelligence Unit, Jun 8, 2013, Proquest, 7/2/13, JG

On May 29th a shirtsleeved Mr Santos held a private meeting of about an hour with Mr Capriles, which provoked a barrage of invective from the Venezuelan government. The Colombian president had "put a bomb under" relations between the two countries, said Diosdado Cabello, the speaker of Venezuela's National Assembly. Venezuela would have to "review" its support for Colombia's peace talks with the leftist FARC guerrillas, added Elias Jaua, the foreign minister.¶ To top things off, Mr Maduro said certain Colombian institutions "at the highest level" were plotting with the Venezuelan opposition to inject him with a poison that would lead to a slow death. Mr Santos said this was "crazy". His foreign minister declined to engage in microphone diplomacy.

#### Turn – plan increases oil revenues key to increasing Maduro support

**Meacham**, Director of the CSIS Americas Program, **2013**

Carl, The Aftermath of Venezuela’s Election: Headed for a Default?”,

June 21, 2013, http://csis.org/publication/aftermath-venezuelas-election-headed-default, 7/1/13 JG

Venezuela recently threatened to cut energy exports to the United States after rising tensions with respect to the electoral results in Venezuela. Venezuelan Foreign Minister Elías Jaua stated that any sanctions imposed by the United States as a result of the presidential election would be met with punitive oil and trade measures. However, Roberta Jacobson, assistant secretary of state for Western Hemisphere Affairs at the State Department, denied that the United States is considering any further sanctions to Venezuela than those currently in force regarding the purchase of U.S. arms.¶ It’s very difficult to imagine Venezuela cutting off oil exports to any nation to force foreign governments to recognize the electoral results, given that oil is the lifeblood of the administration’s domestic and foreign policies. In addition, if Minister Jaua’s statement was intended to be a threat to the United States, it is empty at best. The U.S. market is the number one destination of oil exports for Venezuela, with roughly 40 percent of its oil going to the United States. The oil sector accounts for 25 percent of Venezuelan GDP and 80 percent of exports. Any announcements by the Maduro administration that it is considering suspending oil shipments to the United States should be met with considerable skepticism.¶ But there could be factors within PDVSA that could complicate matters. It is widely known that Rafael Ramirez, Venezuela’s energy minister, has political ambitions. With Venezuela’s economy spiraling, it is likely that President Maduro will raid PDVSA coffers in the coming months to fund domestic and foreign commitments. President Maduro, who is barely holding on to power, will need to strengthen his base. The promotion and expansion of the Chávez agenda will depend on these funds. Minister Ramirez may go a long to get along; on the other hand, he may see Maduro’s weakness and try to exploit it for his own gain, claiming that Maduro is leaving Venezuela’s oil industry without funds to run itself.

#### Venezuelan elections are legitimate—US won’t determine political stability through its actions

**Rieger 13** (Shannon Rieger, B.A in peace and conflict studies and international relations and affairs, “Venezuela’s Presidential Elections: The Battle Continues”, 5/3/2013, Institute for Policy Studies, <http://www.ips-dc.org/blog/venezuelas_presidential_elections_the_battle_continues>, 7/2/2013, GU)

Venezuela’s election system is excellent.¶ Last year, Jimmy Carter described the Venezuelan election system as “the best in the world” for its multiple layers of safeguards against error and election-rigging. Venezuelan voters register at polling stations by thumbprint, cast their ballots electronically, and then receive a paper receipt listing the name of the candidate for whom they voted. Before leaving the polling station, voters must leave the paper receipt in a designated box.¶ 54% of polling stations then undergo an auditing process, during which these paper receipts are separated by candidate, counted by hand, re-counted, and then checked against the electronic polling results. This 54% audit has already been completed for the April 14th elections.¶ Further legitimizing the results produced by the well-honed election process is the remarkably high voter turnout: an impressive 79% of the eligible voting population cast ballots in the 2013 Venezuelan presidential election.¶ The oppositions’ claims of fraud are blatantly fictitious.¶ During the IPS presentation, Main described how Capriles supporters have published pictures of sealed ballot-receipt boxes from past elections being destroyed, claiming they are un-audited boxes from this election.¶ Main also noted the sudden spurt of destructive attacks on health clinics by the opposition after false but widely circulated rumors suggested ballot-receipt boxes were being horded in the buildings to prevent the completion of a 100% audit.¶ A report released Saturday by Venezuela's National Electoral Council dismisses all of Capriles' claims as false, and notes that "there is no single record of irregularities in the signed records that were endorsed by all witnesses."¶ The U.S. call for a re-count builds upon decades of anti-leftist U.S. meddling in Latin American affairs.¶ Maduro’s victory represents a continuation of Chavez’s leftist administration – and chavismo represents the liberation of Venezuela from U.S. dominance. The United States’ support for Capriles, and its refusal to recognize the reliability of Venezuela’s lauded election system, is a bold-faced display of its willingness to re-establish American influence in the United States’ “backyard”, as Secretary John Kerry recently – and tellingly – referred to Latin America.¶ The slim margin by which Maduro won the Venezuelan presidency highlights intensifying ideological divisions within the country. But whether Maduro will be able to maintain political continuity as Chavez’s standard-bearer is a question to be decided within Venezuela’s own borders, by its own highly reliable electoral system – and not by U.S. interference.

# Counterplan Answers

## A2 Condition CP – Electoral Reforms

#### Turn - Sanctions, Vote Recount and conditional containment exacerbate Venezuelan Instability

Tokatlian 5/20/2013,

(Juan GabrieL Tokatlian, Juan Gabriel Tokatlian is director of the department of political science and international studies at the Universidad Torcuato Di Tella in Buenos Aires. He was previously professor at the Universidad de San Andrés, also in Argentina. He earned a doctorate in international relations from the Johns Hopkins University school of advanced international studies, and lived, researched and taught in Colombia from 1981-98, “Washington and Caracas: hegemony vs maturity”, 7/3/13 SS, <http://www.opendemocracy.net/juan-gabriel-tokatlian/washington-and-caracas-hegemony-vs-maturity>)

Now, Washington - this time in the form of the Barack Obama administration - is being called on to take a stance on another close presidential election, the one in Venezuela held on 14 April, six weeks after the death of Hugo Chávez on 5 March. In the vote, Chávez's nominated successor Nicolás Maduro defeated the opposition candidate Henrique Capriles by a tight margin of 1.6%. This contested result in an extremely polarized country faces the United States with an important choice: is it willing to recognize the legitimacy of the result (and thus join all Latin America), or is it still inclined to fuel Venezuela's volatility and instability?¶ The answer is poised. Washington may follow its cold-war pattern and choose among some combination of hardline containment, political rollback, and attempted regime change. But all these options would be bad - for Venezuelans, for Latin Americans, and even for the US's long-term interests in both Venezuela and the region.¶ Washington has a number of other potential initiatives at its disposal. It could engage in some kind of symbolic sanction in response to the absence of an overall vote recount. It could adopt a policy of soft pressure and growing encirclement of Venezuela, while waiting for an extended and uncontrolled crisis. Or it could call openly for a sort of “Venezuelan spring” to be led by Capriles.¶ None of these three options is realistic, however. Each would exacerbate the country's internal turmoil, perhaps even provoking a civil war in Venezuela with likely spillover effects in Latin America. The chavista side would depict the domestic opposition to Maduro even more strongly as puppets of Washington; and this would make even harder the creation of a legitimate challenge to Venezuela's so-called "21st century socialist revolution".

## A2 Condition CP – Economic reforms

#### Venezuelan Economy reform will not happen – won’t agree to do the CP

**Saigal, 2013**

(Kanika, “Economic Policy Reform in Venezuela unlikely”, February 20, <http://www.euromoney.com/Article/3158273/Economic-policy-reform-in-Venezuela-unlikely.html>, accessed on 7/3/13, BT)

## Venezuelan bond yields rallied after currency devaluation and news that Hugo Chavez’s health has continued to deteriorate. But yields are due to rise again as meaningful regime change is unlikely, say analysts.Venezuelan bonds were given a boost following the government’s decision to [devalue the regulated currency](http://www.euromoney.com/Article/3112426/Venezuela-Chvez-contemplates-bolvar-devaluation.html)rate by 32% on February 8, taking the currency from 4.3 bolivars to the dollar to 6.3. The devaluation is the fifth time that the government has taken such measures in a decade of socialist economic policy.The new currency rate is hoped to correct some of the economic imbalances in the country, [mainly by improving the fiscal deficit](http://www.euromoney.com/Article/3093282/Venezuelas-politically-induced-debt-problems-still-perplex.html).“Overall the devaluation was credit positive to the extent that local bolivar revenues are now higher,” says Claudia Calich, head of emerging markets, senior portfolio manager at Invesco. “The devaluation was long overdue.” The devaluation came after tighter bond yields amid speculation that Chavez’s reign could finally come to an end following his ongoing treatment for cancer and weakening health. But hope that the socialist leader’s unorthodox macroeconomic policies will come to an end are unfounded, say analysts.“The expectation is that no matter what happens to Chavez, the government will prevail with Nicolas Maduro [the vice president of Chavez’s United Socialist Party] at the helm,” says Calich. “But the probability that economic policy will change under Maduro’s leadership is very slim.”David Rees, emerging market economist at Capital Economics, agrees: “Speculation of regime change may continue to support the Venezuelan government’s foreign currency bonds in the near-term. But with little prospect for a marked improvement in policymaking, and oil prices likely to fall, we think that bond yields will return to double-digit rates this year.”Maduro has been the de facto leader of Venezuela since Chavez was again taken ill and treated for an unknown cancer in Cuba two months ago. Unlike after previous treatment in Cuba, no images of Chavez’s return to Venezuela have been released.One aspect that could encourage investors, however, is that Chavez has hinted at better economic relations with the US. “There might be slight improvements on the margins, but nothing more,” says Calich.According to JPMorgan Chase & Co’s EMBIG index, Venezuela’s bonds were the third best performing in emerging markets in the past 12 months, after the Ivory Coast and Belize. Bond investors hope a tighter fiscal policy and an improved investment climate, in the event of Chavez's demise, will boost the country's creditworthiness, buttressed by the sovereign's respectable debt-to-GDP ratio and strong cash flows.However, amid strong capital controls, macroeconomic imbalances remain, especially between dollar supply and demand. In the parallel, or black market, the bolivar is trading at a much weaker level to the dollar. But chances are that the government will not take any more measures to devalue the currency, especially not before the next election, says Calich.“The feeling over here is that Chavez’s condition is critical, and that there will be little point in continuing any treatment. [With transition in mind](http://www.euromoney.com/Article/3106991/ECR-Forum-What-Hugo-Chavezs-recent-election-victory.html) the government is less likely to pursue currency devaluation this year.”

## A2 NED CP

#### Turn - Civil society groups prohibited by law from accepting funds – CP will result in fines against the groups, hurting their ability to function

**Sullivan, Specialist in Latin American Affairs 2013**

Mark P. “Venezuela: Issues for Congress” CRS Report January 10, <http://www.fas.org/sgp/crs/row/R40938.pdf> accessed tm 7/2

In December 2010, Venezuela’s outgoing National Assembly approved a measure that could make it difficult for the U.S. government or other foreign donors to assist civil society groups in Venezuela. The legislation prohibits civil society organizations involved in defending political rights or monitoring the performance of government bodies from receiving international funds and would impose stiff fines on those that do. As discussed below, human rights organizations have expressed concern about the effect of the legislation.

## 2AC they say “toward means to government”

#### 1. We meet- PdVSA is owned by the Venezuelan government and has controlling stake in all ventures to extract oil and refine it once extracted.

|  |
| --- |
| 2. Counter-interpretation-Toward means in the area of **Random House 10** Random House Kernerman Webster's College Dictionary, © 2010 K Dictionaries Ltd. Copyright 2005, 1997, 1991 by Random House, Inc. <http://www.thefreedictionary.com/toward> 7/11/2013, SLiu  to•ward (prep. tɔrd, toʊrd, twɔrd, twoʊrd; adj. tɔrd, toʊrd)  prep. Also, to•wards′.  1. in the direction of: to walk toward the river.  2. with a view to obtaining or having; for: They're saving money toward a new house.  3. in the area or vicinity of; near.  4. turned to; facing.  5. shortly before; close to: toward midnight.  6. as a help or contribution to: to give money toward a person's expenses.  7. with respect to; as regards.  adj.  8. coming soon; imminent.  9. going on; in progress.  10. Obs. promising or apt, as a student. |

#### 3. We meet our counter interpretation- we increase economic engagement in the area of Venezuela

#### 4. Prefer our interpretation -

**1. Predictable ground – neg interp would exclude Venezuela from the topic – energy sector is core aff area for Venezuela BUT PdVSA is government owned. If you exclude the energy sector, then you will remove the ability to run energy affs. This provides neg links to Venezuela**

**2. Aff innovation- our interpretation is key to innovation- their interpretation makes it impossible to innovate on the topic because we are stuck using the government of Venezuela-**

#### 5. Counter interpretations bad - lead to a race to the bottom to arbitrarily exclude the aff and justifies only our case is topical

### T – economic engagement

#### Economic engagement includes energy production

CDKN 11 Climate & Development Knowledge Network, “Brazil’s economic engagement with Africa”, May 11, 2011 <http://cdkn.org/resource/brazils-economic-engagement-with-africa/>

Brazil’s economic engagement with Africa. Africa offers Brazil an opportunity to expand its bilateral technical cooperation and to revolutionise renewable energy production – in particular biofuels, where it has assumed a global leadership. Given Brazil’s technical expertise in a range of areas relevant to Africa’s development needs (e.g. agricultural research, social protection, anti-retroviral treatment), it can play an important role in contributing to the continent’s socioeconomic development. This paper explores both the current nature and possible future orientations of Brazil’s economic, commercial and financial relationships with the African countries. The focus of the paper is to assess the volume and trend of trade commodities between Brazil and African countries; to determine the nature of Brazilian investments in Africa; and to scope the benefits of Brazil’s technical cooperation.

#### Constructive engagement includes economic engagement

Werlau 96 María C. Werlau FOREIGN INVESTMENT IN CUBA: THE LIMITS OF COMMERCIAL ENGAGEMENT

1996 <http://www.ascecuba.org/publications/proceedings/volume6/pdfs/57Werlau.fm.pdf>

1. Although the term commercial engagement generally refers to diverse international commercial and financial transactions, we will use it primarily in reference to foreign investment. The term “constructive engagement” encompasses economic engagement and is normally used within the context of a more comprehensive diplomatic and political relationship

#### Economic engagement includes joint ventures and investment

Rediff 10 Rediff.com » News » Krishna inaugrates Indian missions in Jaffna and Hambantota Krishna inaugrates Indian missions in Jaffna and Hambantota November 28, 2010 16:37 IST <http://www.rediff.com/news/report/krishna-inaugrates-consulates-in-lanka-jaffna-hambantota/20101128.htm>

The joint declaration of the two leaders covers every aspect of the India-Sri Lanka multi-faceted relationship and has set markers for progress in cooperation in areas of connectivity, agriculture, power, education, HRD and culture and greater economic engagement, including through joint ventures and investment, he said.